Weekend FT

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FINANCIAL TIMES

Europe's Business Newspaper
WEEKEND JULY 10/JULY 11 1993

Serbian leader orders release of jailed opponent

The release of jailed Serbian opposition leader Vuk Draskovic and his wife, Danica, was ordered yesterday by Serbian president Slobodan Milosevic. Doctors had warned that Mr Draskovic, who has been on hunger strike, could be hours from death. The decision to free him came after pressure from western leaders. In the Bosnian capital, Sarajevo, the first cases of typhus and 700 cases of dysentery were reported. Page 24

Riddle of Romanov remains is solved: British scientists said bones found in Yekaterinburg, Russia, were almost certainly those of the murdered Tsar Nicholas II and his family, thought to have been shot in 1918 after the Bolshevik revolution. Genetic fingerprinting tests, including comparison with a blood sample from Prince Philip, a direct descendant of Tsarina Alexandra, showed "almost a 99 per cent probability" that the bones were those of the Romanovs, the researchers said. The remains were brought to Britain by Russian scientist Dr Pavel Ivanov who also helped in the identification process.

Sevastopol claim: Russia's parliament claimed control of the Ukrainian city of Sevastopol, base of Russia's Black Sea fleet. Ukraine said the move was "tantamount to a declaration of war". Page 24

González wins support: Spanish socialist leader Felipe González won a parliamentary vote of confidence confirming him as prime minister for a fourth consecutive term. Page 4

Deportation upheld: A US immigration panel upheld a deportation order against Sheikh Omar Abdel-Rahman, the Moslem fundamentalist Egyptian cleric whose followers have been charged in two New York bombing conspiracies.

South Lebanon clash: Three Israeli soldiers died when Moslem fundamentalists fired more than a dozen rockets at four frontline posts along the Israeli-controlled south Lebanon buffer zone.

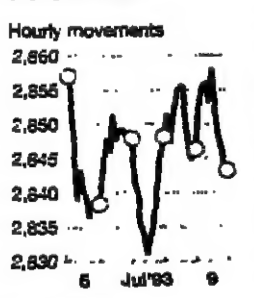
Call for adoption report: Junior health minister John Bowis called for a report on the case of an Asian woman and her white husband who were said by social workers to be too "racially naive" to adopt a mixed race child.

German chemicals merger: Leading German chemicals groups Hoechst and Schering are merging their plant protection divisions in a venture with sales of some DM3.4bn (£1.33bn). Page 12

Jail siege ends: A siege by more than 70 prisoners at Scotland's modern Shotts maximum security jail near Glasgow ended peacefully. Two prison officers were being treated in hospital, one for stab wounds and another for a back injury after the disturbance.

Energy move: Electricity regulator Prof. Stephen Littlechild is proposing that electricity distributors spend £1 a year on energy efficiency for every customer as part of a package of price controls. Page 24 and Lex; London shares, Page 15

FT-SE 100



London shares: The UK equity market opened strongly but then lost ground on suspicions that big international institutions might be moving money out of leading UK equities and into Germany. The FT-SE 100 index, at one stage 12.3 points up, closed 2.7 points lower on the day at 2,843.2. Page 15; Markets, Weekend FT Page II

Hong Kong talks inch forward: Britain and China agreed to make faster progress on their talks about Hong Kong's political development, foreign secretary Douglas Hurd said after talks in Beijing with Chinese leaders. Page 3

India shuts nuclear plants: The Indian authorities ordered the successive closure of all nine of the country's nuclear pressurised heavy water reactors. The decision to inspect the sites came after experts reported on a fire at Narora plant near Delhi in March. Page 3

STOCK MARKET INDICES

FT-SE 100:	2843.2	(-2.7)
Yield	4.02	
FT-SE Eurotrack 100	1230.56	(+4.83)
FT-A All-Share	1411.48	(Same)
Nikkei	19,877.39	(+186.72)
New York: lunchtime		
Dow Jones Ind Ave	3517.48	(+3.04)
S&P Composite	447.89	(-0.76)

US LUNCHTIME RATES

Federal Funds:	2 13/16%
3-mo Treas Bills: Yld	3.065%
Long Bond	106 3/16
Yield	6.641%

LONDON MONEY

3-mo Interbank	6%	(Same)
Liffe long gilt future:	Sep 107 13/32	(Sep107 1/2)

NORTH SEA OIL (Argus)

Brent 15-day (Aug)	$17.51	(16.595)

Gold

New York Comex (Aug)	$392.3	(395.6)
London	$392.75	(395.45)

STERLING

New York lunchtime:		
$	1.481	
London:		
$	1.4815	(1.4955)
DM	2.55	(Same)
FFr	8.6675	(8.6575)
SFr	2.2675	(2.265)
Y	162.5	(Same)
£ Index	80.6	(80.8)

DOLLAR

New York lunchtime:		
DM	1.7215	
FFr	5.859	
SFr	1.53205	
Y	109.8	
London:		
DM	1.721	(1.7045)
FFr	5.85	(5.79)
SFr	1.5305	(1.515)
Y	109.65	(108.6)
$ Index	66.4	(65.9)

Tokyo close Y 109.33

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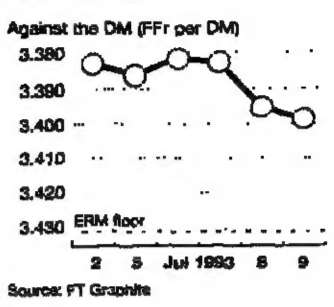
Bank intervenes to bolster French currency as Balladur says it will not leave EMS

Franc falls closer to ERM floor

French franc



By Alice Rawsthorn in Paris and James Blitz in London

THE BANK of France yesterday intervened on foreign exchange markets to support the franc after the currency again came under heavy selling pressure inside the European exchange rate mechanism.

Yesterday's intervention was the first by the French authorities in nearly five months, and came on a day of very strong selling of other European currencies by international investors who sought to buy D-Marks.

Mr Edouard Balladur, the French prime minister, tried to allay concern about the franc by affirming that his government was "totally determined" to maintain the stability of the French currency within the European monetary system.

The prime minister, who had on Thursday night denounced rumours that the franc would leave the EMS as "farcical", said French authorities would use "every available means" to support the franc given that monetary stability was critical to his administration's economic

Currencies, Page 13

and social policies. But there was a strong impression in financial markets last night that the franc could face another round of speculation next week unless the Bundesbank cut its short-term interest rates, a move that would help France to ease its monetary policy and stimulate its economy.

Yesterday's intervention by the French authorities was said to be discreet, with the Bank of France buying only small quantities of francs.

The operation failed to stop the franc falling below FFr3.40 to the D-Mark, little more than 3 centimes above its ERM floor of FFr3.433. The franc closed in London at FFr3.399, compared with FFr3.395 on Thursday.

The fall in the franc came as French short-term interest rates rose sharply – last night trading above German money market rates for the first time in nearly two months.

In recent weeks, French leaders had expressed pleasure that their country's money market rates had fallen below German levels, because this implied dealers were more confident about investing in the French currency.

Economists in Paris played down concern about the franc's prospects. Ms Dominique Graber, deputy chief economist at Paribas, said yesterday's pressure mainly reflected selling by foreign investors who were "confused about the French government's economic policy" and about the role of the Bank of France once it becomes independent of the government.

"There are lots of rumours around," she said. "But it would be a slight exaggeration to compare the present situation with the heavy pressure on the franc last September and earlier this year."

G7 backs new effort to secure success in trade talks

By Jurek Martin, Peter Norman and Charles Leadbeater in Tokyo

THE world's leading industrial countries yesterday concluded their three-day economic summit, agreeing that the "highest priority" was a successful conclusion to talks on liberalising world trade.

The Group of Seven leading industrial nations – the US, Japan, Germany, France, Britain, Italy, Canada – issued a communiqué supporting a new effort to reach agreement by the end of this year in the Uruguay Round of multilateral trade talks under the aegis of the General Agreement on Tariffs and Trade.

The communiqué also said they had agreed to promote long term growth by trying to co-operate in reforming labour markets, social security and health care systems.

"All of us are mindful that we have a long way to go to restore real growth and opportunity to the global economy, but we have made a serious start," US President Bill Clinton said.

He cited Wednesday's agreement by the US, Canada, Japan and the European Community to reduce or eliminate import tariffs on a range of manufactured goods, which he said would help bring global trade talks to a successful conclusion.

On Russia, Mr Clinton said the $3bn (£2bn) programme to help privatise state-owned industries "will not only bolster prospects for freedom there, it is a very solid investment for the US".

Mr John Major, the British prime minister, said the summit, with its progress on trade, had been better "than I anticipated and better than most people expected". He also secured agreement to make future summits more informal.

The meeting would have a catalytic effect on the trade talks, help to restore confidence and growth, and create jobs, he added.

Mr Clinton will leave Tokyo this morning for South Korea, probably without Japan's agreement to use numerical targets to open its markets to imports and reduce its trade surplus.

Reporting on last night's dinner between Mr Clinton and Mr Kiichi Miyazawa, the Japanese prime minister, Mr David Gergen, the White House counsellor, said the two leaders had only "touched on" the question of what is known as the framework agreement. They had agreed to leave matters in the hands of their ministers.

Negotiations were continuing overnight, he said, and were "quite fluid". But Mr Clinton

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Not over until all the fat ladies sing, Page 8

US President Bill Clinton and Russian President Boris Yeltsin at the end of the Tokyo summit yesterday

Major warns of tough decisions on spending

By Peter Norman in Tokyo and Ralph Atkins in London

MR JOHN MAJOR yesterday said Britain was far from alone in facing tough decisions on public spending as he prefaced his party's Christchurch by-election campaign by saying voters preferred "home truths" to "empty promises".

Speaking in Tokyo, the prime minister shrugged off gloomy opinion polls and said discussions at the Tokyo summit of the Group of Seven leading industrial nations had vindicated his determination to control social expenditure.

Britain's "supply side" approach to creating jobs and fostering economic growth had also been endorsed, he added.

Speaking only hours before Sir Norman Fowler, Conservative party chairman, launched the campaign at Christchurch, Dorset, where a third of the population are pensioners, Mr Major said all G7 countries except Japan needed to cut their budget deficits. This would have repercussions on social spending.

"All of us need to keep social costs within the bounds of what we can afford," Mr Major said. "It will mean difficult decisions . . . Provided people understand what lies behind them and what the impact of them will be, I think people will prefer those home truths rather than empty promises."

In television interviews before flying back to the UK last night, Mr Major said the poorest sections of the population had nothing to fear from prospective cuts in social spending.

Labour and the Liberal Democrats believe the Tories have made a tactical error in highlighting the public spending review when facing an important by-election test, caused by the death of Mr Robert Adley. The Tories had a majority of 23,000 in Christchurch at the last election.

But Mr Donald Dewar, Labour's social security spokesman, last night said Mr Major was "playing the old game of predicting disaster and destruction on the grand scale in the hope that when public expenditure cuts come they will seem almost as a reprieve".

A rather tired looking prime minister maintained that "short-term sensational matters" were damaging the government's popularity at a time when Britain was experiencing low inflation, falling unemployment and had interest rates down at 6 per cent.

Tory footsoldiers grumble in the heartland, Page 8

Tiphook calls for share fall probe

By Roland Rudd

TIPHOOK, the UK transport rental company, yesterday asked the London Stock Exchange to investigate trading in its shares after the price fell suddenly in controversial circumstances for the second time in only three months.

The shares had already fallen by 44p to 284p yesterday afternoon when the company announced to the exchange that its 1992-93 results, to be reported next week, would include "significant changes to accounting policies". The shares recovered slightly to close 40p down at 288p.

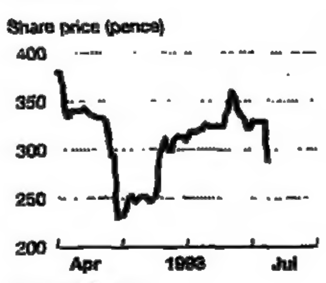
The sudden fall bore resemblance to a precipitous slide in April only days before Tiphook made a profits warning.

At that time, Mr Paul Myners, chairman of Gartmore Investment Management, said there was "prima facie" evidence of insider dealing and suggested that nothing would emerge from a formal investigation. He had no comment yesterday.

The exchange said yesterday it would automatically look at a big fall in a company's share price. It has already been looking at allegations of insider dealing.

Tiphook statement yesterday said: "The results for the year-

Tiphook



end to April will include significant changes to accounting policies, principles and interpretation, which will bring the company's reporting more into line with US accounting principles."

It added later that it wanted to "ascertain if there was any reason for the fall" in its share price. One explanation put forward by a financier close to Tiphook is that bankers got wind of the decision to change accounting policy.

British institutional investors have been concerned about Tiphook's trading performance and volatile share price since the company's rights issue in 1990.

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Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr60; China Fec 13.0; Canada C$1.40; Croatia HRD5700; Cyprus C£1.00; Czech Rep Kc45; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr9.00; Germany DM3.30; Greece Dr300; Hong Kong HK$16; Hungary Ft172; Iceland IKR215; India Rup40; Indonesia Rp3,600; Israel NS5.90; Italy L2700; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr60; Malaysia Rm4.50; Malta Lm0.60; Morocco Dh13.00; Nigeria Naira45.00; Netherlands Fl3.75; Norway NKr16.00; Oman OR1.50; Pakistan Rs35; Philippines Peso 45; Poland Zl 22,330; Portugal Esc215; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Slovak Rep KSL45; Slovenia SLT220; South Africa R12.00; Spain Pta210; Sri Lanka Rup30; Sweden SKr15.00; Switzerland SFr3.20; Taiwan NT$65; Thailand Bht50; Tunisia Din1.250; Turkey L8000; UAE Dh11.00; USA $1.25 (Alaska & Hawaii $1.75)

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NEWS: THE G7 SUMMIT

☐ Talks go Clinton's way ☐ Jobs become priority ☐ Few crumbs for Russia ☐ EC determined on trade

Uruguay Round deal 'top priority'

By Peter Norman, Economics Editor, in Tokyo

THE world's leading industrial countries yesterday threw their weight behind a new effort to reach agreement on liberalising international trade by the end of this year and called on other trading nations to make comparable efforts.

At the end of this year's economic summit of the Group of Seven leading industrial nations, the European Community, the world's largest trading group, said it was "determined to show leadership" to secure a completion to the long-stalled Uruguay Round of multilateral trade negotiations.

In their final declaration after the summit, the G7 countries – the US, Japan, Germany, France, Britain, Italy, Canada – and the EC said that their "highest priority" was a successful conclusion to the Uruguay Round.

Similar declarations have been made after past summits. But this time, the leaders were able to anchor their aspirations in the progress towards a market access package that was achieved earlier this week in Tokyo by negotiators from the Quad group of countries – the US, EC, Japan and Canada.

The G7 statement welcomed the market access package to reduce and, in some cases, eliminate tariffs on industrial goods and work towards opening markets to services as a "major step to the immediate resumption" of the trade talks.

In their statement, the leaders urged comparable market opening measures by other trading countries and declared that they were determined "to curb protectionism in all its manifestations". They gave explicit backing to the world's multilateral open trading system, saying countries should not have recourse to initiatives and arrangements that threaten it.

Sir Leon Brittan, EC trade commissioner, said he would go to Geneva on Monday to tell other trading nations about the progress on market access in the hope of being able to relaunch the Uruguay Round negotiations. European governments are especially keen that the fast-growing economies of Asia join in the market opening exercise.

Sir Leon said that if the EC received substantial offers of market opening measures, it would respond in kind.

He said the negotiators of the Quad agreement had made progress towards liberalisation measures other than the specific tariff cuts listed in Wednesday's agreement.

Japan, for example, had improved its offer to open its market to foreign financial services but the EC would ask it to go further. Sir Leon said the US, in offering to cut its tariffs on imported high-quality textiles, had offered only about half of what the EC had demanded, but this was a "substantial downpayment".

This week's progress on trade was welcomed by individual G7 leaders. Mr John Major, UK prime minister, said it was "clearly a significant step". Mr Helmut Kohl, the German chancellor, said the progress on Gatt was "encouraging".

Even France, the most reluctant G7 participant in the trade liberalisation process, gave the week's trade developments a guarded welcome. There was "real progress in terms of procedure", President François Mitterrand said, though only "small openings" had been achieved in Tokyo.

The G7 said a successful and rapid conclusion of the Uruguay Round would "boost the confidence of investors and consumers, and this would be an important contribution to recovery and growth."

In their final statement, the G7 leaders expressed great concern that more than 23m are unemployed in their countries. The statement listed desirable structural reforms to reduce barriers to jobs and growth.

The US president got most of what he wanted

Clinton claims summit success

By Jurek Martin in Tokyo

IF OFFICIAL hyperbole is taken at face value, each head of government personally made the Tokyo summit a resounding success.

Mr Miyazawa, a charming host, broke the logjam in the market access talks by throwing whisky on to the table. Messrs Mitterrand, Kohl and even Major toughened the words condemning Serbia and Croatia. Mr Ciampi had a lot to say about the Balkans and the Middle East, and Ms Campbell engaged the US on beer. All, except possibly Messrs Kohl and Mitterrand, who like a little ceremony, agreed future summits should go back to their simpler roots.

But it was President Bill Clinton who came to Tokyo with most to lose and who is leaving it with most gained. The extent to which summits play in Peoria or the other end of Pennsylvania Avenue may be debated but it is hard to deny the case, advanced by every administration official round the clock, that he got most of what he wanted.

Mr David Gergen, the new presidential counsellor and designer of a skilful and disciplined US public relations exercise here, yesterday cited the following achievements.

- The market access agreement, a priority identified by Mr Clinton several weeks ago, at least makes possible successful completion of the Uruguay Round. Failure here would have made the Tokyo summit a laughing stock.
- On the economy, for the first time since 1980, a summit communiqué did not implicitly criticise the US for not tackling its deficit problem. This legitimises Mr Clinton's argument that growth – and jobs – matter most, with more Japanese fiscal stimulus and lower European interest rates tools to be used along with US deficit reduction.

Clinton's intelligence and charm were well received

- The lack of jobs is now on the international agenda, with Mr Clinton's structural unemployment autumn conclave the next forum for debate.
- The great focus of Mr Clinton's foreign policy, sustaining Russian reform, has been endorsed with the $3bn (£2bn) privatisation programme, achieved in spite of European and Japanese reservations and lack of resources.
- Finally, the president's preference for summits with less formality and more talk has taken hold. As far as can be ascertained here (heads of government are terribly discreet about other members of the club) Mr Clinton's intelligence and charm were well received and he "inter-acted" to good effect.

Even the inability to conclude here a framework for negotiating trade disputes with Japan can hardly be described as a "failure", given Japan's pre-election political state. Indeed US officials were more than usually careful to keep expectations low, so that if one did emerge it could be portrayed as a "victory".

Mr Clinton goes on from here to Korea and a short break in Hawaii before flying back to Washington, where the temperature has been cracking 100 degrees. The political heat back home, with critical budget divisions looming, will be even higher, probably making Tokyo's mildness and harmony soon a distant memory.

WRAPPING IT UP: Mr Miyazawa reads the closing summit statement yesterday

Leaders react to changing agenda

By Charles Leadbeater in Tokyo

THE G7 leaders left the summit with an economic agenda markedly different from their gatherings in the 1980s.

In the 1980s the enemy was inflation. In Tokyo their main economic concern was structural unemployment.

To promote long-term growth they will seek to co-operate in reforming labour markets, social security and health care systems. In the 1980s their main focus was co-ordinating their fiscal and exchange rate policies to promote growth.

There has also been a marked change of tone. Deregulation to liberalise markets is no longer the overriding goal. The finance ministers' report recommended action to promote training, control health care spending and to limit the risks of financial deregulation. They even said there was a place for incomes policies.

President Bill Clinton's idea of a jobs summit was warmly welcomed. Ms Kim Campbell, the Canadian prime minister, enthused: "It will be a think-tank of experts to generate ideas about problems of employment in post-industrial societies. These are problems we all face."

Mr Carlo Ciampi, the Italian prime minister, echoed Mr Clinton's observation that "old economic equations" were being broken by new production technologies. Mr Ciampi said: "The enterprise system in industrialised societies is being changed by new ways of combining labour and capital, which requires our workforces to adjust to the future."

But the summiteers' concerns extended beyond unemployment, to its consequences for social security and health care. There was a consensus that in these areas reforms were needed to cut costs, and possibly to narrow entitlements, without damaging basic services.

Mr Clinton explained: "The French economy in the 1980s was very strong in every sphere but unemployment. Even when they were chugging along with high growth they could not get unemployment down below 9.5 per cent. All these countries in Europe are facing low population growth, an ageing population, and within 10 years they will have only two people working for every person who is retired."

Mr Ciampi put the consequences this way: "We all have to spend less by spending money better. There is widespread concern in Italy about the cost of health care and pensions."

Ms Campbell remarked: "Canada has the second highest health care costs in the G7. We should consider the side effects of the way we deliver health care without reducing services."

Japan has low unemployment, but it faces a rapidly ageing population and very low growth in its workforce. Mr Kiichi Miyazawa, the prime minister, implied the consequences for government finances could be sweeping: "We are facing a turning point. We shall soon have to review the tax system as a whole."

The political implications of the need for structural reform were drawn out by Mr Kenneth Clarke, the UK chancellor. He explained that the German and US plans to reduce their federal fiscal deficits had set a new standard for consolidating public finances which others, such as Britain, would have to follow.

Yeltsin fails to win better access to western markets for Russian goods

By Leyla Boulton in Tokyo

PRESIDENT Boris Yeltsin yesterday failed to extract from leaders of the world's seven richest industrialised nations an end to "discrimination" against Russian exports but expressed satisfaction with a $3bn fund to support Russian privatisation.

Having said all along that his main task at the summit was to gain better access to western markets, the Russian leader admitted afterwards that his biggest disappointment was that "in response to my energetic urging" they answered "'yes, yes, we understand but it is difficult to solve this problem'".

Mr John Major, the UK prime minister, said, the Russian leader recognised the need for his country to make more progress with market reforms – for instance, in getting rid of some of the "extraordinary subsidies they have there" – in order to claim the same treatment as members of Gatt, which Russia has applied to join.

The G7 economic declaration simply promised yesterday to support Russia's application to the General Agreement on Tariffs and Trade and to "intensify" efforts to remove cold war restrictions on sensitive exports to former communist countries.

Mr Andrei Kozyrev, the Russian foreign minister, confirmed that plans were afoot to transform Cocom, the Paris based watchdog for sensitive exports to former communist countries, into an agency, including Russia, to prevent the proliferation of weapons of mass destruction.

Describing the new privatisation fund as "the most concrete result of the summit", Mr Yeltsin said he was also pleased at having been treated as an equal by the G7 leaders, who invited him to attend their summit next year in Naples.

"You understand, there was not this atmosphere of a student being taught by teachers ... but one of equality and mutual respect," he said. He added he was in no hurry for the G7 to become the G8 but he was sure it would happen with time.

Mr Yeltsin promised his Japanese hosts that he would "definitely" pay an official visit to Japan in October despite cancelling twice in the past year. But he said he had warned Mr Kiichi Miyazawa, the prime minister, against expectation of fast progress in retrieving the Kurile Islands, seized by Soviet troops at the end of the second world war.

He said Japan should co-operate more in assisting economic reforms so that Russians will live better and be more relaxed about a solution of the territorial question.

$3bn fund is mostly recycled

By Leyla Boulton

THE $3bn (£2bn) privatisation fund offered to President Boris Yeltsin by Group of Seven leaders yesterday is the latest illustration of the numbers game being played by the west to demonstrate support for Russian reforms without digging too deeply into its pocket.

Although G7 leaders successfully dodged questions as to how much of the money was new, the bulk of the $3bn has been diverted from aid and lending programmes announced earlier.

It includes $1bn in export credits from individual countries, two $500m loans from the World Bank, $425m in loans and equity investment from the European Bank for Reconstruction and Development, and $100m from the International Finance Corporation, the World Bank's hard loans arm.

Of the additional $500m in technical assistance only $125m from the US was openly stated to be new money.

Last-minute help from the EBRD enabled the fund to be pushed up to $3bn.

In the multilateral organisation's defence, they have been hard pressed to spend money pledged so far, given the inefficiency of the Russian bureaucracy and the country's lack of market mechanisms for distributing funds to newly privatised companies.

Economic communiqué focuses on worries about jobs and growth

Unemployment 'sapping our strength'

Following are extracts from the Group of Seven economic communiqué issued in Tokyo yesterday:

☐ STRENGTHENED COMMITMENT TO JOBS AND GROWTH

1. Progress around the world towards democracy and open market economies surpasses our most optimistic expectations of only some years ago. To reap full benefits of recent historic transformations, our societies must respond to a number of challenges; achieving economic recovery and job creation, successfully concluding the Uruguay Round this year, integrating countries in transition into the world economy, supporting developing countries and reconciling global growth and environmental objectives. We are determined to address these challenges. We renew our commitment to extend international co-operation, in particular by strengthening multilateral institutions.

☐ WORLD ECONOMY

2. We are concerned about insufficient growth and inadequate job creation in our economies.

3. We are particularly concerned with the level of unemployment. More than 23m people are unemployed in our countries; that is unacceptable. Much of the recent increase is attributable to the present economic slowdown, but a significant part of the current level of unemployment is structural. Reducing unemployment, therefore, requires a double strategy: prudent macroeconomic policies to promote non-inflationary sustainable growth, and structural reforms to improve the efficiency of markets, especially labour markets.

4. We are taking and will take appropriate measures to implement this agreed growth strategy to promote a sustainable expansion designed to create substantial increases in employment. We will consult closely so that our national policies can be mutually reinforcing and compatible with our shared goal of a strengthened and recovering world economy.

Europe is carrying out vigorously the Growth Initiative agreed in Edinburgh and strengthened in Copenhagen. Europe is committed as a matter of overriding importance to implementing firm budgetary and other measures needed in order to ensure that conditions for rapid reductions in interest rates are created.

In North America, strong actions, which have been long overdue in the US and which we welcome, are being taken to ensure substantial and steady reductions in fiscal deficits over the medium term, higher level of domestic savings and investment, and lower long-term interest rates.

Japan has taken a series of stimulative policies including the most recent comprehensive package. Japan will implement fiscal and monetary measures as necessary, to ensure sustained non-inflationary growth led by strong domestic demand, keeping in mind the need for long-term fiscal prudence. This will contribute to the important goal of significantly reducing external imbalances.

Successful and rapid conclusion of the Uruguay Round will also boost the confidence of investors and consumers, and thus will be an important contribution to recovery and growth.

5. To enhance opportunities for employment and growth it is essential to address structural issues which constitute obstacles to strong economic recovery and to longer-term growth potential. In this context, we endorse the report of our finance ministers focussing on a broad range of structural reforms, *inter alia*:

- Greater labour market efficiency;
- Improvement in education and training;
- Enhancement of savings and investment;
- Maintaining and improving the multilateral trading system;
- Reduction of subsidies;
- Addressing the economic impact of ageing populations;
- Controlling overall outlays on health care;
- Enhancing efficiency in financial markets while ensuring their stability;
- Developing international co-operation on the environment.

6. We agree to send representatives to a meeting in the US in the autumn to explore the causes of excessive unemployment and to search for possible answers to this critical problem which saps the strength of our societies.

☐ TRADE

7. Maintaining and expanding the multilateral trading system is essential for world growth. We are determined to curb protectionism in all its manifestations and agree that no recourse should be made to initiatives and arrangements that threaten to undermine the multilateral open trading system. We also confirm that any regional integration should be complementary to and supportive of the system. Our highest priority is a successful conclusion to the Uruguay Round.

☐ ENVIRONMENT

8. Environmental issues remain a high priority on our policy agenda despite difficult economic times.

☐ RUSSIA AND THE OTHER COUNTRIES IN TRANSITION

9. We reaffirm our support for the reform efforts in the countries in transition. . . based on the principles of help for self-help and partnership.

10. We welcome the further progress made by Russia since Munich in its courageous reform efforts under the leadership of President Yeltsin and supported by the Russian people in the recent referendum. We urge Russia to intensify its efforts to reduce inflation and the budget deficit, and to take all the necessary legal and administrative measures to build on the strong start in privatisation and to promote further structural adjustment. We recognise the importance of improved market access for economic progress in Russia.

Recognising that privatisation and enterprise reform are at the heart of Russia's transformation into a market economy, we agree to create a Special Privatisation and Restructuring Programme, in co-operation with international financial institutions, consisting of enterprise restructuring support, technical assistance and oblast support, focusing on an initial period to the end of 1994. In total, this programme is expected to mobilise $3bn. In addition, we are ready to encourage our private sectors to assist in this process, sharing with Russian counterparts methods and techniques to increase productivity.

11. We welcome the progress made in the nuclear safety programme agreed at the Munich Summit. Urgent safety measures, co-ordinated through the G24, need to be implemented rapidly to secure real improvements at the plants still causing great concern.

☐ DEVELOPING COUNTRIES

13. We will pursue a comprehensive approach, covering not only aid but also trade, investment and debt strategy, and a differentiated approach, tailored to needs and performances of each country and taking environmental aspects into account.

☐ INTERNATIONAL CO-OPERATION AND FUTURE SUMMITS

16. We value summits for the opportunity they provide to exchange views, build consensus and deepen understanding among us. But we believe summits should be less ceremonial, with fewer people, documents and declarations, and with more time devoted to informal discussion among us, so that together we may better respond to major issues of common concern. We intend to conduct future summits in this spirit. We have accepted the invitation. . . to meet in Naples, Italy, in July 1994.

In a world of change, the Japanese remember their manners

JUREK MARTIN revisits his old haunts in Tokyo

THE only constant in life these days, Bill Clinton says with every other sentence, is change. The question for this correspondent, who has not lived in Japan for seven years, is whether Tokyo has suffered some kind of mutation.

The powers of observation this week have necessarily been limited. Summits are all about massaging journalists with briefings 36 hours a day, all because everybody reporting from Tokyo, except the Japanese themselves, have bizarre deadlines. But escapes from the cocoon were possible.

Physically the capital has long been in a state of permanent flux, even without earthquakes. The nice, rickety, three-bedroom house not far from the Diet that was home for four years is now another anonymous office building.

The vast Komatsu earth mover perched on top of a building in Akasaka has been replaced by an even larger Spanish galleon. At least that seemed to be the case late one night, but neither was there next morning.

Probably both were holograms, since there appears no commercial market for Komatsu galleons these days and tractor sales are not what they were. Possibly the Japanese, anticipating zero tariffs on imported distilled spirits, have started adding interesting hallucinogens to the home-grown product.

The good things of Tokyo certainly have not changed. A return to a much-loved little neighbourhood restaurant was like the warmest of second homecomings – and the menu and the prices, in yen, much as they were. A favourite bar was like an old shoe. The Foreign Correspondents Club is still deeply politicking – but thinking of installing a marble floor.

At the Okura Hotel, as ever seriously discreet and distinguished, the western breakfast remains curiously inedible – and 15 times as expensive as the fry-up obtainable at any decent American roadhouse. It must be a work of Japanese art, or a non-tariff barrier, to render all eggs and all bacon without flavour.

The bubble economy has burst, but has left no mark on male clothing. A personal lunchtime survey of Kasumigaseki, where civil servants wait for the green light at crossroads, revealed a familiar sea of whiteness – to be precise, 94 of 100 shirts were solid or off white, five blue-ish, and one shocking pink with bright brown brogues (probably a Finance Ministry mandarin). However, ties are more colourful and the white sock count was down to 23.

There was one sign that things had changed. Traffic accidents used to be rare and minor, probably because vehicles do not go fast in jams. But the press bus from Haneda airport and a truck had a disabling shunt, at speed. Glass flew and the uniformed stewardess in the pill-box hat was cut. But it was all right in the end. The truck and the bus drivers, though shaken, did not scream and yell at each other or whip .44 Magnums out of the glove compartment. They apologised – to each other, to the police, to the hacks, to the rubberneckers. Japan has not changed as a civil society.

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India orders closure of 9 N-reactors

By Shiraz Sidhva in New Delhi

INDIA's atomic energy board has ordered the closure of all of the country's nine nuclear pressurised heavy water reactors for an inspection of turbines, generators, and associated components.

The decision to close the nuclear plants one by one follows the recommendations of an expert committee constituted to investigate the cause of a fire at the Narora plant near Delhi in March.

A nuclear power plant in operation for the past two years at Kalpakkam, one of two in the southern state of Tamil Nadu, will be the first to be shut down, by July 31.

Mr A Gopalakrishnan, chairman of India's Atomic Energy Board, said there was "no specific doubt about the operation of pressurised heavy water reactor stations in the country", but the decision to sequentially shut down the stations had been taken "as a matter of abundant caution".

The committee's report concluded that the Narora fire earlier this year, the first accident at a nuclear power station in India, had resulted from a rare combination of "fatigue failure" of two steam turbine blades and "deficiencies in the cabling system" leading to a loss of electric power supply.

The total loss of power and an unprecedented 17-hour blackout of the station could have been avoided if the board's earlier recommendations for segregating cables and the provision of fire barriers had been followed.

The plant's safety systems had worked well, according to the report, which is why there was no leakage of radioactivity. "We want to be totally reassured that such a course of events do not reoccur in other power stations equipped with similar turbo-generators," said Mr Gopalakrishnan.

All nine Indian atomic power stations, which produce about 3 per cent of India's power, are equipped with turbo generators manufactured by the UK's General Electric Company and the Indian government-owned Bharat Heavy Electricals.

The Tarapur nuclear plant near Bombay is excluded from the shutdown because it uses enriched uranium-light water technology, and the board conducted a safety review at the station only recently.

Inspection and modifications, if required, would begin simultaneously at all plants, and are expected to take two to three weeks to complete after each plant is shut. Stations which are shut down for maintenance, like the second Madras station, will be similarly tested before being allowed to resume operations.

The government, which has denied charges by environmentalists that India's nuclear power programme does not follow international safety standards, plans to build as many as 15 more nuclear power reactors in the next 10 years, to ease the power crisis in the country.

Pakistan to boost enrichment plant

By Simon Henderson

PAKISTAN is planning to expand its controversial uranium enrichment plant at Kahuta near Islamabad in order to provide fuel for a nuclear power reactor being bought from China, according to senior Pakistani officials.

An expansion, the costs of which are being assessed by the government, could put an additional strain on Pakistan's relations with the US which cut off $573m (£382m) of aid in 1990 because it thought the Kahuta plant had made sufficient highly enriched uranium for several nuclear bombs.

If Kahuta were to supply all the fuel needed for the 300MW reactor being built at Chashma on the river Indus, its output would have to expand considerably.

Dr Abdul Qader Khan, founder and director of the research laboratories at Kahuta, said in an interview in Rawalpindi: "We believe that by the time we have the Chinese reactor operational, we will have enough fuel to feed it." The reactor is expected to be commissioned in 1997.

He said the reactor would require low enriched uranium, containing about 5 per cent of the fissile isotope U-235, rather than the 90 per cent plus needed in an atomic bomb. Natural uranium contains only 0.7 per cent of U-235.

Dr Khan rejected the suggestion that Kahuta was being used for nuclear weapons but acknowledged it could be.

"A knife can cut vegetables and a knife can kill human beings. So all nuclear plants and all chemical plants all over the world can be used, either for saving the human race or hurting them."

He said Pakistan would open its facilities for inspection if India, which exploded a nuclear device in 1974, did the same.

Dr Khan did show some conventional weapons that the laboratory makes including a Pakistani version with improved electronics of a Chinese shoulder-fired anti-aircraft missile, and an anti-tank missile also of Chinese origin.

Pakistani officials said some work on the latter weapon is being done with Chinese assistance at Golra, on the outskirts of Rawalpindi.

In 1988, Western officials said American satellite reconnaissance had identified a suspected clandestine enrichment plant at Golra. Dr Khan described this allegation as nonsense. The Golra site is the central mechanical and transport stores of the Pakistan army.

South Korea wary of US influence

By John Burton in Seoul

ON THE eve of President Bill Clinton's visit to Seoul, a senior South Korean official said yesterday his country should ultimately be responsible for solving North Korea's nuclear problem rather than the US.

"The denuclearisation [of the Korean peninsula] has to be realised through dialogue and consultations between South and North Korea," said Mr Han Wan-sang, the national unification minister, in apparent response to domestic criticism that Seoul is relying too much on Washington in trying to halt North Korea's nuclear weapons programme.

The issue is expected to head the list of topics to be discussed between Mr Clinton and South Korean President Kim Young-sam at the weekend.

The present crisis has set back hopes in Seoul that the problems of denuclearisation and eventual unification might be solved between the two Koreas without involving other regional powers, including the US, China, Japan and Russia.

That has been considered a desirable goal from Seoul's perspective because it would symbolise South Korea's autonomy in deciding its own fate after a century of being dominated by outside powers.

Besides relying on the US to intercede directly with Pyongyang, Seoul could see the issue slip further from its control if the UN Security Council becomes involved, which might include imposing economic sanctions on North Korea if it does not accept full IAEA inspections.

The Clinton visit, however, could counter criticism that Seoul is playing a secondary role, as the US president will be seen consulting the South Korean government on the nuclear issue.

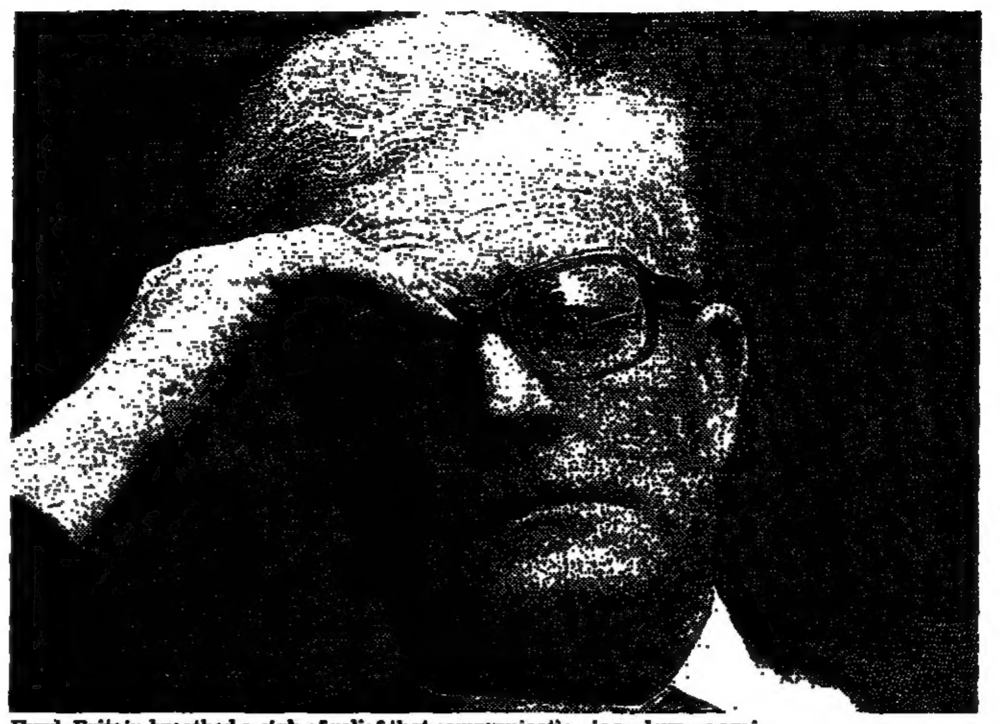
In a face-saving gesture, Seoul is also proposing again that North-South talks should be held in parallel with the negotiations between Pyongyang and Washington. A previous attempt to stage inter-Korean talks on the nuclear problem collapsed over procedural issues.

Mr Han emphasised the importance of Seoul's position as an intermediary between the US and North Korea. "If North Korea gives up nuclear development and guarantees nuclear transparency, South Korea will be able to help North Korea actively to improve relations with the US and Japan," he explained.

UK and China edge forward over HK

Hurd talks to Beijing leaders, but few believe there is a quick solution in sight

By Simon Holberton in Hong Kong and Alexander Nicoll in London



Hurd: Britain breathed a sigh of relief that communication is underway again

BRITAIN and China have resolved to make faster progress in their talks about Hong Kong's political development, Mr Douglas Hurd, UK foreign secretary, said yesterday after holding talks with Chinese leaders.

In Beijing he said his discussions with Mr Qian Qichen, China's foreign minister, had been useful in clarifying how the two sides should proceed in future rounds of talks about elections due in Hong Kong in 1994 and 1995. Mr Hurd also met China's president, Mr Jiang Zemin.

"The tone and atmosphere of the meeting [with Mr Qian] seemed to me positive, it was entirely forward-looking and from my point of view, and I hope his, the meeting was well worthwhile," Mr Hurd said.

The British foreign secretary gave no hint of a swift resolution to negotiations, saying that there would be further rounds after the eighth session which begins on July 20, and that he would meet Mr Qian in New York in September to review progress.

However, he indicated there had been some progress in the last two rounds.

"There have been specific ideas, and that is important because the governor [Mr Chris Patten] and we all have made it clear that we are ready to listen carefully to Chinese ideas on this matter."

It was understood that in the seventh round which finished this week China presented a comprehensive proposal for the conduct of the 1994/95 elections.

British officials, while not necessarily agreeing with the shape of the proposal, nevertheless hoped that the Chinese move would advance the negotiations.

UK officials said the meeting with Mr Qian was a "really very positive exchange" which would boost the momentum of the talks and had increased confidence that, although there would be problems along the way, there would be an eventual agreement.

Mr Hurd, who said he was not visiting Beijing to make proposals or arrange a deal, stressed to Mr Qian that the election arrangements must be "open, fair and acceptable to the people of Hong Kong," and also that they should guarantee a "through train" to the next scheduled elections in 1999.

He referred to the so-called "functional constituencies" which make up part of Hong Kong's Legislative Council and to the composition of the election committee which will also elect some seats.

Last October's proposals by Mr Patten, vehemently rejected by Beijing, sought to increase democratic representation by broadening the electoral franchise of both.

The two men agreed to speed up work within the joint liaison group, which is charged with negotiating the details of Hong Kong's transfer to Chinese sovereignty in 1997, and to quicken the pace of talks about Hong Kong's airport project.

Mr Qian told Mr Hurd that China had no objection to the first stage of a large land reclamation proceeding.

The foreign secretary defended pursuing a negotiated settlement with China by claiming that an agreement would secure the "prize" of a smooth transfer of sovereignty in 1997.

However Mr Yeung Sum, deputy leader of Hong Kong's United Democrats, said Mr Hurd's visit might have helped the talks along but his party was more concerned with their outcome.

"Aspirations for democracy must not be sacrificed just for the sake of agreement," he said.

The Beijing meeting confirmed that Mr Qian, who made a full member of the Chinese politburo last year, was in day-to-day charge of affairs related to Hong Kong.

There was relief among UK officials that Britain could at last talk to China about Hong Kong at a senior political level.

Russia bank chief gloomy on economy

By John Lloyd in Moscow

THE CHAIRMAN of the Russian Central Bank yesterday delivered a gloomy report on the Russian economy to parliament – undercutting the upbeat impression of an economy picking itself off the floor which Russian officials have been seeking to present at the Group of Seven summit in Tokyo.

Mr Victor Gerashchenko, reporting on the bank's accounts for last year, drew a picture of an economy in which the flight of capital was out of control and the government foreign exchange reserves were almost exhausted. He said that, on January 1 this year, the Central Bank had reserves worth only Rbs605.2bn – about $600m (£400m) – with gold reserves worth Rbs137bn, or about $130m.

The country's GDP had declined by 18.5 per cent in 1992 from 1991, he said, and inflation averaged 31.3 per cent each month in the past year, more than expected. Mr Gerashchenko said the consumer price index had risen 26-fold in the past year.

Though the bank chairman acknowledged that an agreement with the government had drawn Russia back from the brink of a monetary crisis, he insisted that the government had a duty to bail out heavily indebted state companies.

Mr Gerashchenko said Russia would receive no significant foreign investment until the debt owed by the country to governments and to companies with which it used to trade had been paid off.

Russian exports for 1992, he said, totalled only $38.1bn, a decline of 26 per cent from 1991, half of which was accounted for by fuel and other energy. Exports of machinery, once a large part of Russian exports, represented only 9 per cent of the total in 1992, he said.

Noting that "capital flight has grown enormously in the past year", Mr Gerashchenko urged the government to adopt stricter rules in an effort to stop the illegal export of hard currency.

The parliament "took into account" a report on the Central Bank by the auditing company Coopers and Lybrand, and demanded that the bank produce figures within a week explaining the gaps in the accounts for last year which had been noted in the report.

Warning on environment clean-up

By George Graham in Washington

CONGRESSIONAL investigators have warned that the US government could end up paying more to clean up unexploded bombs, abandoned mines and toxic wastes on public lands than it spent on the savings and loan clean-up.

A report from the House of Representatives natural resources committee identifies billions of dollars of potential government liabilities for problems such as hazardous chemical dumps and contaminated drainage at old mines in national parks and forests, as well as on lands run by the Bureau of Land Management.

The National Park Service alone has identified 2,400 hazardous mine sites and estimates the cost of cleaning them up at around $200m (£133m). The Forest Service has an estimated 25,000 mine sites, and the BLM, which has not carried out an estimate, could have hundreds of thousands of sites, the committee reports.

Serious mine problems include the Clark Fork sites near Butte, Montana, where the BLM could be liable for $100m-$300m of an estimated $1bn clean-up cost.

The report warns, however, that unexploded shells and bombs on former military firing ranges could end up costing the government even more than the abandoned mines, although the liability has drawn less attention. Military base closures mean that responsibility for more ranges will pass from the Pentagon to the BLM.

One firing range singled out by the House committee report is the Aberdeen proving ground, where the problems of unexploded shells are exacerbated by an estimated 82,000kg of depleted uranium rounds.

At least 15 wildlife refuges are among the sites with unexploded shells.

The report also warns of nuclear contamination in Alaska from experiments related to Project Chariot, a 1950s plan that was in the end not executed to create a harbour in northwest Alaska by exploding nuclear bombs.

"The problem has been caused in large measure by government policies that subsidised the exploitation of our natural resources at a time when we lacked the knowledge that we have today about the negative impact of those subsidies. What is truly frightening is that despite our knowledge we continue to subsidise activities without regard to their devastating environmental – and economic – impacts," said Mr George Miller, the committee's chairman.

While the committee staff presents no overall estimate, it suggests the total clean-up cost, including sites run by the departments of defence and energy and not covered by the report, could rival the bill for reimbursing depositors in the tide of savings and loans institutions which went bankrupt in the 1980s.

"These costs currently do not appear on any government ledger, yet they are genuine liabilities that the taxpayer will one day incur," Mr Miller said.

The Resolution Trust Corporation, set up by the federal government to handle the S&L bailout, has already closed 654 institutions at a cost of $190.8bn, and has recouped $88bn of that from asset sales.

Ireland removes veto on EC aid programme

By David Gardner in Brussels

THE Irish government yesterday lifted its veto on the EC's 1994-99 regional development and structural aid programme, following conversations between European Commission president Jacques Delors and Irish premier Albert Reynolds.

This means that the six sets of rules for the Structural Funds – Ecu141.5bn (£109.4bn) of the Ecu157bn aid package – are likely to go through the European Parliament next Wednesday. If this deadline had been missed, disbursement of the funds from this biggest ever EC development aid programme would almost certainly have been delayed well beyond the beginning of next year.

However, in a statement that the Irish ambassador to the EC was due to give Ireland's partners yesterday, Dublin makes clear that it will reject the share-out of the funds if it is not satisfied it has secured "an equitable outcome", when EC foreign ministers meet in Brussels on July 19.

"We don't want to be accused of holding up the timetable," an Irish official in Brussels said, "and there are sufficient signs of progress to lift the reserve." But he added that "if we're not satisfied, we're saying that on the 19th we're prepared to vote against the allocations then."

Mr Reynolds is holding out for the I£8bn (£7.6bn) he says Commission officials guaranteed him at the Edinburgh summit, where the size of the overall package was fixed. But senior Commission officials say it is hard to justify any figure for Ireland above I£7.5bn. Nonetheless, in Dublin yesterday, government officials were hinting that the I£8bn figure was now in sight.

The I£7.5bn figure the Commission was sticking to would be over the seven years 1993-99, thereby adding in the allocation Ireland is already receiving for this year under the last aid package.

But officials closely involved on both sides said yesterday that improvements at the margin were being sought to bump up the Irish figure without having to subtract funds from other EC member states.

One cosmetic possibility mentioned was to transfer the figures from the 1992 Ecus in which they were originally calculated to 1993 prices – thereby adding a nominal 4 per cent or so for inflation. In terms of real money, the Commission got about Ecu1.4bn more than expected from the package, for EC-wide regional aid programmes which Brussels runs, rather than allocating to member state programmes. Officials were understood to be exploring whether part of this could be channelled towards Ireland.

Piëch asserts his authority at VW

By Christopher Parkes in Frankfurt

MR Ferdinand Piëch, Volkswagen chairman, yesterday publicly warned his former vice-chairman not to speak out of turn and reasserted his authority over his turbulent production director, Mr José Ignacio Lopez de Arriortúa.

He also warned Mr Louis Hughes, chairman of General Motors Europe, that he was doomed to lose his legal campaign against the German vehicle maker.

Last week's abrupt resignation of his deputy, Mr Daniel Goeudevert, was mutually agreed, he said in an interview with Die Welt newspaper. Cuts at the top level, part of a DM8bn (£3.1bn) economy drive, would reduce management board costs by 30 per cent.

An arrangement under which Mr Goeudevert, formerly in charge of the VW marque, was staying on as an "adviser" was not an attempt to muzzle him, Mr Piëch insisted. "But should Mr Goeudevert speak publicly about internal matters, that would naturally have an inevitable influence on our further co-operation," he said.

Mr Piëch quashed speculation – fuelled by Mr Lopez – that VW would shortly start production in a new super-lean plant in the Basque country. It was "out of the question at this time... I have told Mr Lopez this," he said.

Addressing the legal investigations initiated by GM, Mr Lopez's former employer, into suspicions of industrial espionage, Mr Piëch said it was "exclusively a personal campaign" by the Zuricher. (Mr Hughes, former head of Adam Opel, GM's German subsidiary, is now based in Zurich.)

Mr Hughes had applied for the top job at VW, he claimed. He was not "wounded" when he did not get it, but the legal attacks came when he lost Mr Lopez to VW. "General Motors is the last company where we could find anything of use to us," he commented.

Repeating that VW would break even this year after losses in the first quarter, Mr Piëch said 90 per cent of planned restructuring had already been instituted.

Vote for González as PM paves the way for coalition

By Tom Burns in Madrid

MR FELIPE GONZALEZ, whose Socialist Workers party, PSOE, was short of an overall majority in general elections last month, was yesterday returned to power for a fourth term thanks to the support in a congress investiture vote of the Catalan and the Basque nationalist parties.

The prime minister is expected to name a new government, which he said would combine "experience and new faces", early next week. The cabinet will include a new economic team following the appointment of Mr Carlos Solchaga, the economy minister for the past eight years, as the PSOE's parliamentary leader.

The backing of the Basque PNV and Catalan CiU in the congress vote paves the way for a coalition government, the first power-sharing experiment since democracy was restored to Spain following General Franco's death in 1975.

The PNV's five representatives in congress and the CiU's 17 joined forces with the 159 PSOE members to give Mr González an absolute majority of 181 votes in yesterday's confidence motion.

The prime minister's nomination was opposed by 165 votes, which included the 141 members of the conservative Partido Popular and the 18 of the communist-led Izquierda Unida coalition. Conservative leader Mr José María Aznar nevertheless offered to support the government "in any serious measure to solve Spain's economic problems and create employment".

Mr González has now in theory a broad spectrum of support that should ensure the stability of his government for the next four years. "I hope to achieve a stable government, but we'll see, it won't be easy," he said after the vote.

Mr Solchaga is chairing separate joint commissions between the PSOE and the two nationalist parties to establish common ground over key policy issues.

Mr González outlined his most liberal programme to date, pledging to decentralise power in favour of the regional autonomies – a priority issue for the nationalist parties – and said he would contain public spending and speed deregulation of the economy.

Mr González could appoint a representative of the PNV to head the Industry Ministry but the entry of Catalan nationalists, who are the more reluctant coalition partners, to the cabinet is likely to take place only after an autumn debate on next year's budget.

The CiU is seeking to negotiate a measure of fiscal co-responsibility between Catalonia and the central administration, which would be reflected in the 1994 budget, before committing itself to power sharing.

The reshuffled economic team is likely to headed by Mr Narcis Serra, the deputy prime minister in the outgoing government.

Mr Serra – an economist by training and a former mayor of Barcelona before he joined the government, originally as defence minister – has close friendships with leading members of the CiU.

Mr Solchaga's former ministry, which combined both economy and finance, is likely to split into two. Mr González could switch agriculture minister Mr Pedro Solbes, a technocrat who is not a member of the Socialist party, to the economy portfolio and appoint Mr Oscar Fanjul, the respected chairman of Repsol, the public energy group, finance minister.

Mr Gonzalez (bottom left) is applauded after being elected for his fourth consecutive term

NEWS IN BRIEF

IMF backs $700m credit for Hungary

THE International Monetary Fund is poised to grant Hungary a $700m credit facility after the successful conclusion yesterday of the latest round of talks in Budapest, Nicholas Denton reports from Budapest.

The IMF and the Hungarian authorities said they saw "no obstacles which would obstruct the conclusion of an agreement within a short space of time".

The proposed 18-month credit accord has been contingent on the Hungarian government acting to hold down a surging budget deficit. The authorities have increased value added tax with the measure passing parliament this week by a margin of 13 votes.

Canadian banks to cut rates

Canadian banks will lower their prime lending rate on Monday from 6 per cent to 5.75 per cent, the lowest level in 26 years, Bernard Simon reports from Toronto.

This will be the first time in almost a decade that a key Canadian interest rate has fallen below the US, where the prime is 6 per cent.

The prime rate in Canada reached a peak of 14.75 per cent in mid-1990. Its slide since then is largely due to the Bank of Canada's success in bringing down inflation to an annual rate of 1.8 per cent, a percentage point below that of the US.

Despite the cut in interest rates, the Canadian dollar remained steady yesterday at just above 78 US cents.

Taiwan nuclear plant survives vote

Taiwan's planned fourth nuclear power plant survived an attempt by opposition lawmakers to freeze its budget yesterday, Dennis Engbarth reports from Taipei. The vote will allow the island's state-run power company to accept bids for the $6.45bn, 2000-megawatt plant.

Millionaire dies in air crash

Australian millionaire Paul Terry has been killed in a helicopter crash in Hawaii, Reuter reports from Melbourne.

Mr Terry, 45, whose net worth was estimated this year at A$30m (£13.6m) had interests include a cattle stud, hotel and manufacturing company.

The Ho Chi Minh trailblazer

Work started yesterday on what will be communist Vietnam's most modern road – a 10-lane, 19km highway around the southern side of Ho Chi Minh City, the country's main commercial centre, Reuter reports from Hanoi.

The $242m roadway will be built by Phu My Hung corporation, a joint venture between Taiwan's Central Trading and Development Corporation and Tan Thuan Industrial Promotion Company, owned by a people's committee.

Paraguay plans state sell-offs

By George Graham in Washington

PARAGUAY'S new government plans a rapid resumption of its privatisation programme, officials said in Washington yesterday.

Mr Enzo Debernardi, accompanying president-elect Juan Carlos Wasmosy for talks in Washington with the International Monetary Fund, the Inter-American Development Bank and the World Bank, said the new government aimed to sell Paraguay's state-owned airline, railways, merchant river fleet, rum distillery, cement factories and steel mill. It may also privatise the telephone company.

Mr Debernardi, former finance minister and now Mr Wasmosy's principal counsellor, said Paraguay had no immediate need for an IMF loan, but aimed to establish a "ghost programme" under which the IMF would monitor the country's economic policies.

"We don't need immediate assistance, but we would like a programme with the IMF," Mr Debernardi said.

Mr Wasmosy will take office next month as Paraguay's first civilian president for 40 years.

Talks over Cyprus thrown into doubt

John Murray Brown on the surprise departure of the Turkish Cypriot leader

TALKS to settle the Cyprus problem have been thrown into doubt after Turkish Cypriot leader Rauf Denktash said he would no longer negotiate on behalf of his community.

Mr Denktash's surprise announcement this week follows a formal rebuke from the United Nations secretary general's office about the breakdown of the latest round of UN-sponsored talks at the end of May.

Mr Denktash, who for 30 years has headed the Turkish Cypriot community, says his position has become untenable following repeated challenges at home from his prime minister Mr Dervis Eroglu. Mr Denktash says Mr Eroglu has blocked territorial concessions and opposes UN plans for a federal solution to end the island's 19-year-old division.

But western diplomats in Ankara suspect Mr Denktash has deeper misgivings about the progress of the New York negotiations and is using his dispute with Mr Eroglu to stonewall the talks.

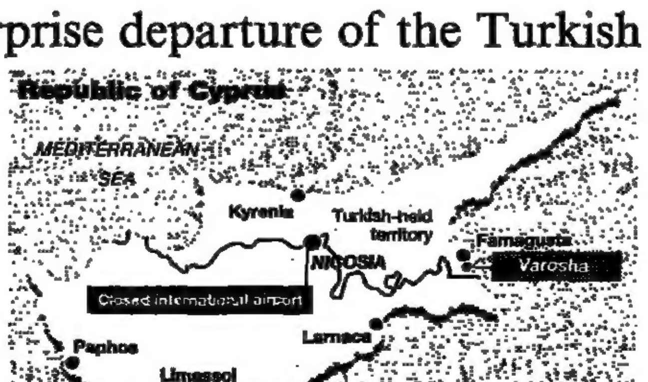
The man who once campaigned under the slogan "partition or death" remains, in the eyes of the UK and other permanent members of the UN Security Council, the main obstacle to a settlement.

Since Turkey's occupation of the northern third of the island in 1974, the UN and the international community have continued to see the Greek south as the legitimate government of the island – the Turkish Cypriot republic is recognised only by Turkey.

> In the eyes of the UK and other permanent members of the UN Security Council Mr Denktash is the main obstacle to a settlement

In Ankara, the Turkish generals continue to support Mr Denktash's cause. For two decades now, the Turkish Cypriot leader has favoured serving and retired officers with some of the island's best villas, many of them originally Greek properties. Turkish Cypriot businessmen have also exploited the island's anomalous legal status of favourable local tax and auditing conditions, and are equally unenthusiastic about a solution which would withdraw these privileges.

At the latest round of New York talks, the UN suggested the handover of the Greek resort of Varosha, now deserted and under Turkish control, in exchange for re-opening Nicosia's international airport.



Both steps would be taken under UN administration. Abandoned in 1974 when Greeks fled the Turkish advance, Varosha, with its hotel blocks and deserted beaches, remains a poignant symbol of the current stalemate and division.

Re-opening the international airport would be a further confidence-building measure, and give a considerable boost to tourist arrivals in the north, all of whom currently have to arrive via the Turkish mainland.

Leaving the talks in New York, Mr Denktash appeared to back the plan, so much so that Turkey's President Suleyman Demirel, never one to force the hand of the Turkish Cypriots, publicly endorsed the idea. However, the maverick Mr Denktash – accompanied by Mr Eroglu – hen travelled to Ankara, where he received a standing ovation from parliament, in rejecting the UN plan.

Cyprus is still a national cause in Turkey but in Ankara impatience is growing with the lack of progress. Even Turkey's instinctively nationalist press is starting to question the open-ended commitment to Mr Denktash.

Cyprus has long been a big obstacle in Turkey's negotiations with the European Community and Ankara expects increased US pressure for a settlement.

Moreover, Turkey is overstretched in a range of foreign policy areas from the Balkans, through the Caucasus to the unresolved situation in North Iraq.

For their part, the Greek Cypriots' fear is that the longer the issue remains unresolved, the more likely one of the European countries will step out of line and recognise the Turkish state.

If that happens, the Greeks fear this would encourage further intransigence on the Turkish side.

In retrospect, the Turks may have missed a chance to push their case for recognition in the wake of Turkey's robust support of the coalition against Baghdad.

Much will depend on Mrs Tansu Çiller, the new Turkish prime minister. She has still to indicate her choice as minister in charge of Cyprus, a key job with a budget of $200m (£133m) to disburse, a considerable lever of patronage.

Under the previous cabinet, the job was given to a former soldier more familiar to the Greeks as one of the Turkish commanders of the 1974 invasion force.

Clinton warning to Iraq in row on missile sites

By Roger Matthews, Middle East Editor

PRESIDENT Bill Clinton told Iraq yesterday that he viewed as "serious" its refusal to allow United Nations inspectors to install cameras on two missile test sites, but appeared to rule out unilateral US action if Baghdad did not comply.

A team of UN weapons inspectors is due in Iraq today to seal the two test sites while negotiations continue over the introduction of cameras. Questioned at a press conference in Tokyo, Mr Clinton said Iraq was violating UN resolutions. If it persisted, the US would take the issue back to the UN Security Council and seek the appropriate multilateral response.

Mr Clinton contrasted the present standoff over the missile test sites with his response to an alleged Iraqi attempt on the life of former President George Bush when he ordered a unilateral military strike on Baghdad.

US efforts to block the military ambitions of both Iraq and Iran were underlined yesterday in Brussels when Mr Edward Djerejian, the assistant secretary of state for near eastern affairs, urged the EC to put pressure on Tehran to drop any plans it had for developing nuclear, chemical and biological weapons.

Iran announced last weekend that it had reached agreement with China for the purchase of a 300MW nuclear power station, but both countries stressed that it would be used only for peaceful purposes.

Mr Djerejian said his Brussels meeting was designed to build on recent talks between Mr Warren Christopher, the US secretary of state, and EC foreign ministers in which they discussed joint action to contain Iran.

The US is also urging its allies to limit trade and technical co-operation with Iran, which it considers to be the foremost sponsor of international terrorism.

Iran has been attempting to improve its international relations, particularly with the EC, in order to acquire the financial and technological aid needed to rebuild its economy after the eight-year war with Iraq.

To explain how Club World is changing we'd like to take you on a 10 hour flight.

Have you got 2 minutes?

Clutchingyourtightlypackedbriefcase,you makeyourwaythroughthetightlypacked airport.People.Noise.Morepeople.You're justpreparingyourselftodothepassport control shuffle when hold on, you're leaving everyone behind.

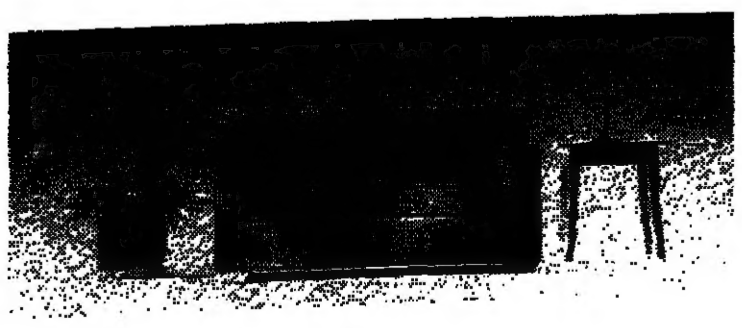
You're sailing through your own separate security channel.

As you drift through the doors of the new Club World Lounge, you hear something strange.

What is it?

Absolutely nothing.

You haven't heard that for a long time. Listen, there it is again.



Your flight announcement prises you out of the sofa and into... that old armchair of yours.

Wait a whoooooooops, your armchair never felt this good. And where did that foot rest come from? Oh well, just lie back and think of... dinner.

A choice of four leisurely courses over three and half hours or a lighter meal over a mere 60 minutes

So you could stop here

Or go on

And on and on

And to follow, may we recommend a small slice of escapism

You turn ▶ ON your personal seat-back video. Looking ▶▶ FWD to your choice of 8 channels of entertainment, you let your mind switch ■ OFF.

You've seen the film, now read a booklet: 'The Well Being in the Air Programme.'

Let's just try a few exercises.

Strrretch your arms and breeeeeeeathe out.

Rotate wrists clockwise (gosh, is that the time already?)

Breathe innnnnnn and out...

innnnnnn and out... eyelids getting heavy.... who's that snoring?.....

maybe I should just look at my fi g...

z z z z z . . .

z z z z z . . .

z z z z z . . .

z z z z z . . .

later you... AWOKEN by a gentle alarm call and, exactly when you ordered it, breakfast.

Tropical fruit or *Birchermuesli*

Orange juice or *Energiser drink*

Eeni, Meeni, Miney or *Mo*

Right, let's have a ~~long~~ quick look at the presentation.

This seems to be a problem. — no it's not.

We just need to be more decisive on this.

or do we?

Before you know it, you've landed.

Please remain reading until the ad comes to a complete halt.

Congratulations. You've just flown around the new Club World in 80 lines.

CLUB WORLD

BRITISH AIRWAYS

The world's favourite airline

NEW SEAT AND VIDEO CURRENTLY AVAILABLE ON 60% OF AIRCRAFT

Export rules need reform, judge says

By Jimmy Burns

LORD JUSTICE SCOTT has written to business leaders, trade unions, government departments and members of the opposition seeking proposals for a reform of Britain's exports and licensing procedures.

The judge makes clear that he is considering making recommendations on such a reform as part of the report arising from his arms-to-Iraq inquiry.

Lord Justice Scott is understood to consider that current procedures are unsatisfactory, both in terms of government efficiency and democratic accountability.

He is questioning whether it is right that the government's control over the removal of goods from the UK still should be set out in the Import, Export and Customs Powers (Defence) Act 1939. The Act was brought in during a time of war, but the Import and Export Control Act 1990 made it permanent.

In his paper the judge argues that although the act has "the merit of simplicity", it "is not associated with any prescribed procedure for parliamentary scrutiny or control".

He says: "It is understandable that in the terrible emergency of the outbreak of war, powers of this breadth which are not subject to any parliamentary scrutiny, let alone debate, should have been conferred on government."

But: "It is less understandable that, in peace time, such powers should be maintained .... It appears to me, however, that the powers now permanent ... are totalitarian in concept and in effect."

Although the full report is not expected to be completed until early next year, responses to the judge's consultation paper are already being prepared for submission at the end of July.

The Confederation of British Industry said yesterday that the paper was being "taken seriously" and had been discussed by an ad hoc committee on export last month, although a formal reply had not yet been formulated.

The Department of Trade and Industry said last night that it was still studying the judge's consultation document.

Ms Elizabeth Symons, the general secretary of the Association of First Division Civil Servants, the trade union representing middle and high-ranking civil servants, welcomed the judge's initiative.

Free-wheeling Olympian, Page 8

TV advertising deals probed

By Raymond Snoddy

SIR GEORGE RUSSELL, chairman of the Independent Television Commission, is looking into complaints about the way advertising time is sold around News at Ten.

A number of advertisers are believed to have expressed concern about the nature of the package deals being done.

One significant advertiser which is interested in reaching up-market AB men and is particularly interested in the centre break during News at Ten, found its advertisements also being run during children's programmes.

It is not clear whether this occurred because of anti-competitive pressures or because of misjudgments by advertising agencies.

If advertisers were being required to buy slots around other programmes in order to get their advertisements accepted for the News at Ten centre break it would almost certainly be deemed anti-competitive, discriminatory behaviour.

Sir George has been asking questions of the ITV companies to try to ensure that nothing of the sort is happening.

The issue is sensitive because of the row over attempts to move News at Ten to an earlier slot.

The fact that most television advertising is bought in packages rather than individual slots makes it difficult to value a single advertising break or get a clear view of the negotiating tactics of buyers and sellers.

● Satellite dish ownership in Britain rose by 48,000 in the month to April 24, according to the latest market research by GfK.

The market research group believes that by the later part of April 2.2m homes had satellite dishes. GfK believes that there will be a slowing down of satellite dish sales this autumn as a result of British Sky Broadcasting – a consortium in which Pearson, owner of the Financial Times, has a stake – moving all its channels into a subscription package, with the possible exception of Sky News.

GfK said: "We would expect some slowing down in the net rate of sale."

The company, whose research does not cover Northern Ireland, the Isle of Man or the Channel Islands, is projecting a total of 2.5m dishes by the end of the year.

Barb, the organisation which provides official television rating figures, estimates that at the beginning of this month there were 2.48m satellite-dish homes, compared with 2.44m a month earlier.

A GROUP of Welsh Labour MPs yesterday called for the resignation of Mr Gwyn Jones, the former chairman of the Welsh Development Agency, as BBC governor for Wales.

In an early day motion the MPs, including Mr Rhodri Morgan (Cardiff West), and Mr Win Griffiths (Bridgend), condemned "the disastrous catalogue of mismanagement and worse" which was revealed in the report by the Commons public accounts committee on the agency.

Their motion notes that Mr Jones is chairman of the board of BBC Wales, as well as being a governor representing Wales.

The motion says: "The evidence of his defective stewardship of the affairs of the Welsh Development Agency from 1988 to 1993 renders him an unfit person to hold the same responsibility for the BBC in Wales."

The motion, in the names of nine MPs, calls on prime minister Mr John Major to demand Mr Jones' resignation from the post.

Mr Jones made it clear yesterday he had no intention of resigning from his BBC post. Friends said that Mr Jones planned to make a full statement soon on all the criticisms made about the agency during his stewardship.

It is understood that Mr Jones will be interviewed for BBC Wales and a number of newspapers.

Increase recorded in house prices

HOUSE PRICES rose in the second quarter of the year in all regions, according to Halifax, the biggest building society, Scheherazade Daneshkhu writes.

The largest gain was in East Anglia, which showed a 5.1 per cent increase over the first quarter. The west Midlands recorded the lowest increase of 1 per cent.

The news comes after Halifax's monthly figures this week showed average house price falls for the second month. Unlike the monthly data, quarterly figures are not seasonally adjusted and reflect the stronger-than-expected rise in prices in April and the sharp fall which occurred in January.

Halifax confirmed that the underlying regional picture of house-price inflation "is perhaps not quite as buoyant as the figures would suggest" and said any recovery in the market would remain fragile.

The quarterly figures are lower than those for the same period last year in all regions with the exception of Northern Ireland and Scotland. Greater London, with a 5.1 per cent drop, saw the largest fall in the second quarter compared with the same quarter last year. Prices for the whole country dropped by 3.4 per cent.

Halifax predicts prices rising more steadily for the rest of the year to end at about the same level as they began.

Tec league tables to be published

MR DAVID HUNT, the employment secretary, yesterday told directors of Training and Enterprise Councils (Tecs) at their annual conference that he will shortly publish his department's league tables of their performance. The tables will be put before parliament before the recess.

Tecs' funding is related to their performance with more and more of the programmes they administer rewarded by output or results.

Library policy group planned

PLANS for a new quango to advise the government on library and information policy were announced yesterday by Mr Peter Brooke, national heritage secretary

Mr Brooke told 1,000 delegates to the Library Association's national conference in Manchester that the Library Commission would provide a "single authoritative co-ordinating body" to advise government departments on issues which affected them.

Survey blow for Labour leader

GRASSROOTS Labour supporters are failing to line up behind Mr John Smith, the party leader, in his efforts to extend the principle of one-member-one-vote within the party organisation.

A survey for the BBC's On The Record programme shows he is failing to convince local supporters of his case. Of the 180 constituency parties responding, only 82 supported variations of one-member-one-vote for selecting parliamentary candidates.

Call for review of new trunk roads

FRIENDS of the Earth, the environmental pressure group, has called on the government to review its plans for trunk roads in order to save wildlife sites.

The group claims that the decision this week not to go ahead with building a road through 8,000-year-old Oxleas Wood in south-east London should have wider implications.

When he announced the decision to look for a new route for the east London river crossing, Mr John McGregor, transport secretary, said the scheme failed to meet "the high environmental standards we now apply to new road schemes".

Intervention over Lloyd's rejected

THE GOVERNMENT last night rejected cross-party pleas to intervene over the problems of Lloyd's of London insurance market or move to end its self-regulation.

Baroness Denton, trade and industry minister, said: "It is not the government's responsibility to become involved in the day-to-day administration of Lloyd's or intervene in individual disputes."

Plans for Scottish water attacked

James Buxton, Scottish Correspondent

MR Ian Lang, the Scottish secretary, was accused yesterday of "going halfway down the road to water privatisation" with his plans for restructuring the Scottish water industry.

In Thurday's white paper on reorganising local government in Scotland, Mr Lang said that water and sewerage services would remain under public ownership and operation. They would, however, be transferred from the 12 regional and island authorities which own them to three new water authorities.

The white paper says the private sector will have a major role in providing and financing "much of the essential and large capital investment programme over the next decade" under the Treasury's new policy on private finance for public investments.

Mr Charles Gray, convener of the Labour-controlled Convention of Scottish Local Authorities, said yesterday that the government was taking the same path as that followed in the run-up to the privatisation of the water industry in England and Wales.

But Mr Lang said: "There is absolutely no need to move any further on water than we are going at the moment."

He gave few details on how the private sector would be involved with the Scottish water industry, which needs £5bn of upgrading over the next 15 years.

But he hinted that water treatment plants could be developed through build, operate, own and transfer schemes, under which private-sector companies would build, operate and own them, transferring the treated water to the water authorities.

Water industry analysts believe there will be a lot of interest among English and Welsh water companies in co-operating with the new Scottish water authorities.

Provided the investment in new plant was recouped through charges to the customer, it would be outside the public sector borrowing requirement, analysts believe.

Mr Lang said the Scottish Office's plans were "still at an embryonic stage" and there would be further consultation.

Tory footsoldiers out of step with party

John Major is under growing pressure over his leadership ahead of the crucial Christchurch by-election late this month. Pit closures, VAT on fuel and fears over law and order have all added to his problems. **Rachel Johnson** visits two very different constituencies to gauge Tory grassroot support

Ted Giffords

Michael Jefferies, Conservative party agent in Brecon and Radnor, says Tories are disgruntled: "The presentation is appalling. They perceive John Major as weak"

"IT'S a bloody mess," said Rob. "Hopeless," agreed Harold. "They should have left Mrs T where she was," said Bill, moodily staring into his empty pint glass.

Predictable sentiments, perhaps, if from disgruntled Conservative voters.

But these were the voices of three Tory stalwarts in the blue-wallpapered Llandridnod Wells Conservative Club.

Tory activists are getting restive. They see no reason why they should not air their complaints to anyone who will listen. For one of their biggest grouses is that the government doesn't.

The same message was brought home after three days spent in two very contrasting Tory constituencies: remote, hilly Brecon and Radnor, the vast, agricultural Welsh seat and Chertsey and Walton in plushest suburban Surrey.

In Brecon and Radnor Mr Jonathan Evans nosed ahead of the Liberal Democrats by 130 votes after two recounts at the general election. In Chertsey and Walton Mr Geoffrey Pattie holds a majority of more than 22,000 – making it one of the safest seats in the country.

The Conservative Association of Brecon and Radnor is losing supporters – 20, including one branch chairman and two treasurers in the past eight weeks. Chertsey's has seen attendance falling at the cream teas and barbecues so crucial for fundraising. And activists in both are showing signs of losing heart.

"The troops are pissed off," says Mr Michael Jefferies, a former policeman who is the agent for Mr Evans. "It all started with David Mellor and look at what's happened since. The presentation is appalling. They perceive John Major as weak. The miners' issue was a killer."

You will not, however, in either place hear a disloyal word spoken against their MP.

Loyalty is particularly strong in Brecon and Radnor, a constituency famed for nail-biting three-way fights in elections.

"I'd die for Jonathan if he asked me to," says Mr Robin Gibson-Watt, the six foot eight inch tall Old Etonian gentleman farmer who is chairman of the local Conservative Association.

Such loyalty, however, does not extend to the prime minister.

"He's weak," says Mr Harold Nicholson, a local landlord who describes himself as a "Tory footsoldier". "Very weak. As bad as Ted Heath, one of the worst." He says Europe is still one of the big issues. His gripe was Maastricht and the drive to a federal Europe. "They're closing creameries down here and Italy hasn't even got milk quotas," he says.

His neighbour, Mr Bill Griffiths, a beef wholesaler, is in despair because his local abattoir has failed to open for the second year running. And the European Community has just ruled that the waters of the spa town of Llandridnod Wells are unsafe and cannot be served, even though they are free, in the town's Pump Room.

VAT on fuel was another blow for a poor, sheep-farming community with a large proportion of retired people.

"We could have ridden out the uncertainty and inactivity if we hadn't been walloped by these other things," says Mr Jefferies.

Mr Bob Shearn, an ex-chairman of the Conservative Association, says: "It's the worst time I can remember in 50 years. They [Central Office] just don't listen to people."

In Weybridge, in the heart of the Chertsey and Walton constituency, one does not hear quite such mutinous plain speaking. But the fact that one hears it at all in such a stronghold is just as telling.

Surrey is a rich commuter county – 25 minutes from London, Heathrow and Gatwick, bisected by the M25 – with emerald lawns, wide pavements and business parks. But it contains its share of shuttered fronts and for-sale signs.

In its way, Chertsey has had a worse recession than Brecon – where lamb-exporting farmers were delighted by the pound's exit from the European exchange rate mechanism in what they call Golden Wednesday.

Mr Geoffrey King, president of the Chertsey constituency, picks his words with care: "The feelgood factor is very lacking. There is a fair spread of grouse at the moment, which I think comes back to presentation."

As in Brecon, there is perceived to be a John Major problem.

"The government is indecisive," says Mrs Rosemary Dane, Conservative councillor for Elmbridge. "We used to know where we were. We need good strong leadership."

Many say that old-time Conservatives are suffering. Mrs Audrey Kimmins, of the Conservative Political Centre, says: "The ones who have saved and given us their support are now just keeping their heads above water. Then they look down the road and see someone who's got all he can from the council and never done anything."

The newest bugbear is, as in Brecon, VAT on fuel. "There are little old ladies sitting on their own absolutely panic stricken," says Mrs Dane. Low interest rates have also had an impact as the return on savings has shrunk to almost nothing.

The Chertsey Tories are prepared to complain about policies and presentation. But they still say it is Mr Major who will turn the party's fortunes round and restore discipline.

"We must be firm," says Mr Martin Brady, treasurer of the Conservative Association. "We are running the country, and an awful lot is coming right. And Major's the best man for the job."

In Chertsey there is a sense that, bar a defeat in Christchurch, the worst may be over. The economy is on the turn, they say, and Mr Major will settle into the job to "plough his own furrow". People vote for the party that makes them feel wealthiest, and they see little danger of supporters deserting the party for good.

In the Llandridnod Conservative Club not even the fiercest critic of Mr Major pointed to a preferred successor. They regard the prime minister as the best of a bad bunch.

Mr Major may be the most unpopular prime minister on record, but his footsoldiers still seem convinced that there is no alternative.

Bernard Matthews poultry workers win RSI case

By Diane Summers, Labour Staff

SIX POULTRY workers yesterday won claims for repetitive strain injury (RSI) against Bernard Matthews, the poultry processor, in Norwich County Court.

Solicitors for the TGWU general workers union, which backed the workers, said the case was the first to focus on training, job rotation and systems of work in relation to RSI.

Previous cases had focused on whether employers had given adequate warnings to workers about the risks associated with their jobs, the union's solicitors said.

The term RSI is used to cover a range of conditions affecting the neck, shoulders, arms and hands. In the past it was chiefly associated with manual jobs, but is now affecting office workers who use keyboards.

The six awards – to three men and three women – ranged from nearly £6,000 to less than £650. The six worked on various tasks in the manufacture of turkey products at two of Bernard Matthews' East Anglia factories. A further three cases were rejected on medical grounds. The TGWU said there were between 70 and 100 other RSI claims waiting in the company.

Mr David Joll, Bernard Matthews' managing director, said that Royal Insurance, the company's insurers, had wanted to test the cases in court. Representatives from several other insurance companies had attended the hearings, he said.

The company, which employs 2,600 workers, said it had not yet had time to consider the judgment in detail. It added that it had "always placed the well-being of its employees high on its list of business objectives". It had at no time underestimated the potential risk to its employees.

Unionists may save Tories from Maastricht upset

By Ralph Atkins

SENIOR Conservatives believe Northern Ireland's unionist MPs will help the government avoid an embarrassing upset when the Commons votes on Maastricht's social chapter later this month.

Party strategists are increasingly confident that Mr John Major's recent remark that he was "four-square" behind Ulster's union with the UK, and this week's row between British and Irish ministers over the province's future, have improved relations between the Tories and Unionist MPs.

Although Conservative Maastricht rebels have yet to decide tactics, the votes of the nine Ulster Unionist MPs could be critical.

The Maastricht bill returns to the House of Lords next week when Baroness (formerly Mrs Margaret) Thatcher is expected to launch another attack on the policies of her successor as prime minister.

There is anxiety about the debates on the social chapter which have to be held by in the Lords and Commons before ratification, following a concession by the government earlier this year.

In theory, the government could ratify the Maastricht treaty without the social chapter even if it lost the vote. But some Tory Euro-sceptics may still decide to vote for the social chapter in the hope of embarrasing the government and improving the chances of a legal challenge to ratification.

Labour has drawn up an amendment for debate in the Commons deliberately designed to force Mr Major to choose between accepting the social chapter or not signing the Maastricht treaty.

Unionist MPs have helped the government avert Commons defeats before, including on plans for pit closures.

Row hampers talks on Ulster

By Ralph Atkins

SIR PATRICK Mayhew, Northern Ireland secretary, is to try again to cajole unionist and nationalist leaders back into "round-table" talks – in spite of a yawning gap that has emerged between the British and Irish governments.

The row over Northern Ireland's future that erupted on Thursday may signal the end of a common approach between the two governments.

As if conceding that talks will not re-start in the autumn, as envisaged by the UK, the Irish government is floating the possibility of the two governments going over the heads of local politicians.

Mr Dick Spring, Irish foreign minister, has gone further. He has raised the idea of "joint sovereignty" in Ulster.

He was slapped down on Thursday by Sir Patrick. Mr Spring had broken the "cardinal principle" that agreement must be reached by consent.

The squall reflects shifts in thinking both in London and Dublin. The British government has become more overtly unionist. More importantly, the prime minister departed from the usual script – that Northern Ireland should remain part of the UK so long as a majority of its population wished to remain – to say he was behind the union.

The shift may be partly because of the Conservatives' increased reliance on the votes of Ulster Unionist MPs at Westminster. More probably, it is just that the frustration of failing to re-start talks has provoked frank opinions.

Irish officials believe unionists must not be allowed to make the running. But Mr Spring is also keen to make a mark for his Irish Labour party, the junior partner in the Irish government coalition. There is a desire to build on the 1985 Anglo-Irish agreement which gave Dublin a token say in the affairs of the north.

What will happen next? The most optimistic scenario is that unionists will be so encouraged by the UK's apparently hardened line that they will re-enter talks, dropping their insistance that the Irish government has first to modify its constitutional claim on the north. Perversely, a row between the British and Irish governments may soothe unionist fears about their constitutional future.

More realistically, however, the Irish government's remarks will only further delay the resumption of talks.

So Mr Spring's remarks could become self-fulfilling and the only way ahead would be for the two governments to come together and map out a future for Northern Ireland. The lesson he and Mr Reynolds have learned is that finding agreement between the two governments is as hard as finding a deal between the province's politicians.

NEWS: UK

Patten sets date for school tests

By John Authers

MR JOHN PATTEN, education secretary, provoked another confrontation with teachers' unions yesterday by setting a date for next year's national curriculum tests for 14-year-olds in England and Wales.

The tests were widely boycotted by teachers this year, and are now the subject of a wide-ranging review by Sir Ron Dearing, chairman-designate of the Schools Curriculum and Assessment Authority.

Earlier this week two unions announced that their boycott would continue next year unless the Dearing review produced substantial changes to the workload of the tests.

However, Mr Patten yesterday announced that next year's tests would take place in the week starting May 9. The tests took place in June this year.

The change in date was first suggested by Mr Patten last month in a speech to the conference of the National Association of Head Teachers. Then it was greeted with hissing and jeers.

According to the Department for Education, the change has been made following direct requests from the unions. It will avoid timetable clashes with GCSE exams.

Mr Eamonn O'Kane, deputy general secretary of the National Association of Schoolmasters Union of Women Teachers, described the move as "crass" and "ham-fisted". "Mr Patten's pre-empting the whole review," he said. "It seems to me to undermine the position he's taken ever since the review was announced." He added that Sir Ron could still recommend the abandonment of the tests.

The National Union of Teachers took a similar view. "If he's having a 'fundamental review' then I would expect the education secretary to wait at least for the interim report, which is expected in a couple of weeks, before making announcements about the date of the tests," it said. Mr Patten was guilty of "political interference", and "consistently undermining the independence of the review".

Mr Peter Smith, general secretary of the Association of Teachers and Lecturers, said: "Teachers are sorely tried by these constant changes to working arrangements. Constant piecemeal changes, whether for good or bad, just act to confuse everyone even further. The key question is whether the tests continue in their current form."

Writing in yesterday's Times Educational Supplement, Sir Ron said he had found a consensus that the curriculum was over-prescribed, and would look into the scope for greater use of external moderators of teachers' own assessments.

Nadir deceived PPI auditors

By Andrew Jack

MR ASIL NADIR, the fugitive businessman, illegally deceived the auditors to Polly Peck International about his interest in a Turkish bank and failed to disclose his holding in the 1989 PPI accounts.

The 1988 accounts of PPI show that Mr Nadir had an interest in both Impexbank, based in Istanbul, and the Industrial Bank of Cyprus (IBK). The 1989 accounts refer only to IBK. Mr Nadir continued to hold Impexbank shares – allegedly bought with Polly Peck money – until he sold his interest in 1991.

He deceived the auditors, Stoy Hayward, by stating categorically that he did not hold shares in Impexbank, in contravention of the 1985 Companies Act. The act requires disclosure of any transactions related to directors of a company and makes deceiving the auditors an offence.

Impexbank was used to channel at least £158m of the £371m Mr Nadir allegedly removed from PPI between 1987 and 1990. The details are contained in a letter from Mr Nadir to his auditors and believed to be in the possession of the Serious Fraud Office.

In response to a specific request from a senior audit partner, Mr Nadir signed a letter on PPI notepaper in April 1990 – six months before PPI went into administration – stating that he had no beneficial interest in the shares of Impexbank during 1989.

He also said he had no beneficial interest in the shares of A.N. Graphics, the Turkish printing and publishing company that has stakes in many of the PPI Turkish businesses. Mr Nadir attempted to gain control of A.N. Graphics shares just four days before PPI went into administration.

Last week PPI administrators won a ruling in the Manx courts that the transfer of shares from Voyager, a PPI subsidiary, to Mr Nadir was illegal. The shares were apparently transferred in exchange £8m from Mr Nadir, which the administrators say was never received by PPI.

Tories rethink sports shake-up

By Michael Cassell

PLANS to restructure the Sports Council have been abandoned by the government – to ensure that as much money as possible goes directly to sport rather than to administration.

Mr Iain Sproat, national heritage minister, told the House of Commons yesterday that proposals for an English Sports Council and an over-arching Sports Commission for the whole of the UK had been dropped.

Mr Sproat said that 37 per cent of the £51m allocated to sport each year was already taken up by running costs and he did not want to see the creation of a "vast bureaucracy" that would increase that percentage.

"I want to make sure that when we give money to encourage sport in this country, it goes to sports people at the sharp end and not to bureaucrats," he added.

He said he would announce fresh proposals as soon as possible bearing in mind "the need for effective management of the new stream of income for sport which will follow the introduction of a National Lottery".

The changes – sparked by the Atkins Review of sport and active recreation, published in December 1991 – were due to take place in October.

Labour attacked the government for instituting another review after two years of continuing discussions on the best approach to sports funding. Mr Tom Pendry, the party's sports spokesman, urged ministers to "get talks on the road again" without delay.

The Sports Council said it was "disappointed but not surprised at the policy change". The latest review was the seventh in the past five years and none of the conclusions of the previous six had been acted on by government. The council, it added, would "not be looking forward to another review with unqualified rapture".

Mr Pendry emphasised that each of the reviews had added substantially to the council's administrative costs.

Receivers at Swans cut 286 more jobs

By Chris Tighe

ANOTHER 286 jobs are to go at Swan Hunter, the Tyneside shipbuilder, receivers Price Waterhouse said yesterday.

The latest cuts bring to more than 700 the total number of redundancies since the company went into receivership two months ago after failing to win a crucial helicopter carrier order.

Mr Tommy Brennan, Tyne chairman of the Confederation of Shipbuilding and Engineering Unions, said: "It's quite obvious that Swan Hunter is bleeding to death in the present circumstances."

The company, he added, was "haemorrhaging jobs" as delays in finding a buyer and securing a prospective £40m Omani patrol boats order continued. Swan's greatest asset, he said, was its workforce. "Now we are seeing the workforce decimated."

The 286 redundancies, more than unions had expected, cover 143 hourly paid employees; 78 managerial, technical and clerical staff and 65 short-term contract workers.

Half will leave next Friday and the rest the following Friday, when the company's two-week summer holiday begins. Employees will not learn until next week which of them are to lose their jobs. The latest cuts will reduce the payroll to 1,700, including 60 short-term contract workers.

Mr Ed James, one of the receivers, said the redundancies were inevitable in view of the company's present workload. He said he was, however, confident that key technical expertise had been retained while the search for a buyer continued.

Price Waterhouse confirmed yesterday that no firm bids for the company had been received. The receivers told the unions they were in contact with four seriously interested parties.

A week ago the Ministry of Defence agreed to allow the shipyard to finish three Type-23 frigates, its main workload, giving it work until November 1994.

Mr Brennan urged the government to offer Swans a breathing space by giving it some refit and repair work. He feared Swans was in a "chicken-and-egg" situation over the Omani order, with prospective buyers waiting to see if it materialised.

Mr Steve Byers, Labour MP for Wallsend, said government delay in taking positive measures to assist Swan Hunter had created a climate of uncertainty, leading to job losses.

Talks on Thursday between Mr Tim Sainsbury, the industry minister, and Mr Karel van Miert, European Community competition commissioner, on whether Swans should become eligible for EC subsidies ended inconclusively.

Workers were disappointed yesterday, but not surprised at the latest cuts. Mr George Tweedy, an ancillary worker, said: "We're just hoping it's the last."

Dilemma of sterling recovery

James Blitz says the resurgence of the pound brings its own problems

WHAT A difference a year can make in the life of the pound sterling.

Nearly 12 months ago the government and the Bank of England were locked in a battle to stop the pound falling below its floor against the D-Mark in the European exchange rate mechanism.

Now the authorities face the opposite dilemma.

Sentiment towards sterling has improved sharply in recent weeks, amid signs that the UK is one of the few countries in Europe to be enjoying economic growth this year.

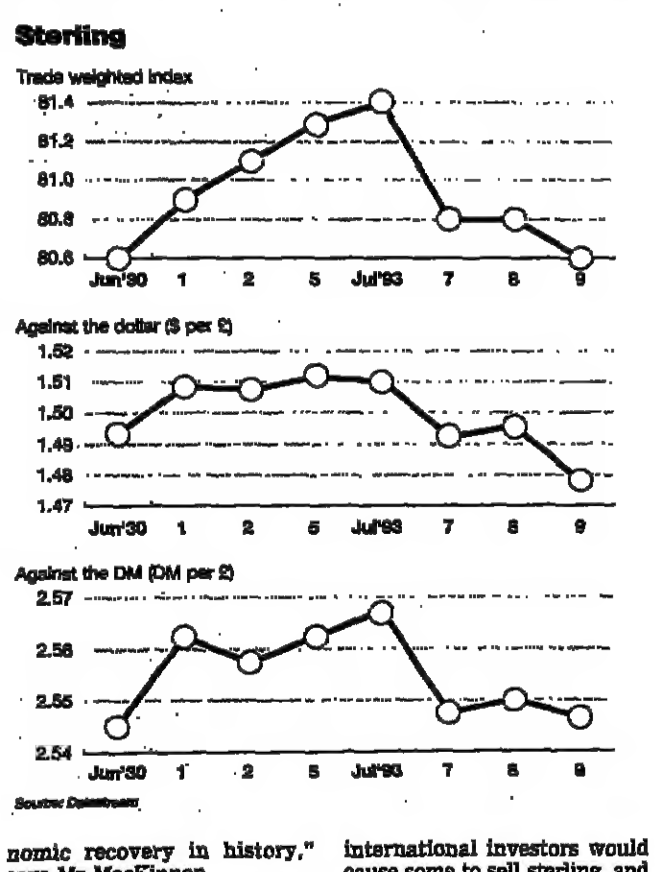
Earlier this week the pound hit a high for this year of DM2.57 – some 9 pfennigs above its level exactly a month ago, and 11 per cent above its level in February.

The currency lost some ground to a stronger D-Mark towards the end of the week. But some economists still predict that the pound could reach DM2.60 or DM2.65 in the short term, particularly if there is renewed turmoil in the ERM this autumn.

That might cause problems for the government. There are signs that sterling's rise may be hampering the UK's trading position by making exports more expensive. Last week the Confederation of British Industry reported a "slight setback" in exports to Europe in the first two weeks of June.

Mr Neil MacKinnon, chief currency strategist at Citibank, believes that the UK authorities will become extremely concerned if the currency rises to DM2.60 or DM2.65. In his view, that would roughly correspond with sterling's purchasing-power parity level – the level at which the exchange rate matches the value of the goods that it trades – and a move higher would actively undermine the UK's export competitiveness.

"If the government allows the currency to move to those levels, then it will be ensuring that this is the shortest economic recovery in history," says Mr MacKinnon.



But what action can the UK authorities take to cap the rise of the pound?

One thing must be almost certain – there will be little appetite in government for returning to the days of a sterling target, tacit or otherwise. Mr Nigel Lawson, the former chancellor, ran into severe problems trying to shadow the D-Mark in the late 1980s, and his successor, Mr Norman Lamont, was unable to maintain sterling's ERM parity.

Cutting base rates would be more popular, especially with worried Tory backbenchers. A lower short-term return for international investors would cause some to sell sterling, and have the additional benefit of stimulating consumer spending and the housing market.

But it could backfire and boost the pound further, because foreign exchange dealers sometimes put a higher premium on economic growth than short-term gain.

"If interest rates are cut in a country where growth already exists, the tendency is for the currency to rise further," says Mr Jeremy Hawkins, economic adviser at Bank of America in London.

However, the government could decide to do nothing. Although sterling is enjoying a rise at the moment, the size of the public sector borrowing requirement, at £50bn this financial year, has raised serious concerns about the state of the public finances, which could undermine investors' sentiment towards the end of the year.

The government might even take some perverse pleasure from its political difficulties, knowing that such troubles have regularly stopped the pound in its tracks. One reason for sterling's small setback this week was that the government set the date for the Christchurch by-election – July 29 – and it could face a humiliating defeat there.

However, recent official figures show that although the volume of UK exports rose in the first quarter of this year, there was an even sharper rise in the value of these exports, which suggests that Britain's business community is more concerned with margins than with volumes.

"Since the early 1980s sterling's value has halved from about DM5.00 to around DM2.50," says Mr Ian Harnett, UK economist at Société Générale Strauss Turnbull. "But we still have a huge trade and current account deficit.

"There is nothing to be gained by worrying about the exchange rate," he argues. "The only thing that has any impact on exports is the level of domestic growth – and that is the only issue that the government should consider when setting base rates."

The question that cannot be answered is whether Mr Kenneth Clarke, the chancellor, agrees.

But a strong view in City dealing rooms is that Mr Clarke will cut interest rates by the end of the year – perhaps by 1 percentage point – because of the likelihood that the domestic economic recovery will falter.

Then sterling could go where it may.

Turbulent leasehold bill passes final hurdle

By Vanessa Houlder, Property Correspondent

THE controversial Leasehold Reform, Housing and Urban Development Bill passed its final parliamentary hurdle this week. It awaits royal assent.

The turbulence of the bill's passage through parliament stems from the first of its three main provisions – the right it gives leaseholders to buy their freeholds. The bill also gives local authority tenants the right to buy a share in their homes, and it sets up an urban regeneration agency to tackle dereliction.

Opposition came from Conservatives who consider that forcing landlords to sell freeholds to leaseholders undermines property rights and the sanctity of contracts. According to the Duke of Westminster, who resigned from the Conservative party over the issue, the bill was "an infringement of long-standing democratic principles".

The impact of the bill, however, may be less than tenants hope and landlords fear. According to its Labour critics the bill is "a damp squib on a dull day". They believe that many of the 750,000 leaseholders who expect to benefit from the legislation will be disappointed.

The House of Lords put forward nearly 300 amendments which went some way to reducing the impact of the legislation.

Some amendments excluded particular groups from the legislation. People living in cathedral closes are excluded, for example.

Other measures had a wider impact, such as the introduction of a residence test designed to stop speculators benefitting from the new legislation. Half the participating tenants have to be resident in a property to qualify, so the building must have been the tenant's only or principal home for at least a year, or for three out of the last 10 years.

This measure "will exorcise the spectre of control by an absent minority", according to Sir George Young, the housing minister. Critics argued that it would substantially reduce the number of leaseholders who could benefit from the legislation, particularly for flat owners in blocks where there was a highly mobile population.

A far-reaching set of amendments in the Lords affects the 50,000 high-value houses (with a rateable value of more than £1,500) that were excluded from the leasehold enfranchisement measures of 1967.

These will add considerably to the cost of enfranchisement by including several assumptions in the valuation of such freeholds:

- Leaseholders should not be assumed to have security of tenure.
- Landlords should receive at least half of any marriage value – the extra value from combining landlords' and tenants' interests.
- Landlords should be compensated for "injurious affection", meaning the loss which enfranchisement might inflict on a landlord's other property.

The measures provoked dismay among leaseholders. Ms Joan South of the Leasehold Enfranchisement Association, a lobby group, said: "We are terribly disappointed."

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Summiteers vs speculators

JUST AT the point when economic summitry was assumed to have passed irretrievably beyond its natural shelf life, events in Tokyo have conspired to defer the post-mortem. True, the much-trumpeted tariff-cutting deal was the work of ministers from the "Quad" group of countries – the US, the EC, Japan and Canada – rather than the seven summit countries. But the endorsement of the Group of Seven will add to the pressure to complete the stalled Uruguay trade round. Nor is the $3bn (£2bn) Russia fund a negligible piece of economic diplomacy at a time when the G7 nations apart from Japan are under tight fiscal constraints.

The ready promises of fiscal and monetary virtue in yesterday's communiqué are another matter. But at least there was no row; and while the trade deal on access for manufactured products is just one step on an arduous path that has yet to address the thorny issue of farm trade, it runs pleasingly counter to expectations in a world economy that is increasingly marred by echoes of the economic frictions of the 1930s.

That, indeed, is just what high-level economic diplomacy is meant to be about. The mere process of establishing a summit agenda puts pressure on world leaders to address difficult issues in a forum that helps them rise above bureaucratic and political constraints. In the mid-to-late 1970s relatively informal gatherings actually achieved something by preventing a more rapid slide towards protection after the first oil crisis. It was only when summits became more formal and ambitious, with attempts at global demand management and co-operative exchange rate agreements, that they became nugatory.

Bitter memory

That is one reason to feel more cheerful about trade after the Tokyo meetings than about the promises to bring down European interest rates and to cut the US budget deficit. The Bundesbank was not represented at the summit; and its officials retain a bitter collective memory of the inflationary consequences of the 1978 summit, which required Germany to act as a locomotive for the world economy. Nor is the US Congress a soft touch on the budget. A better trade deal might have been done, notably over textiles, were it not for President Clinton's worries about pushing through his tax bill. As for the Japanese, if they deliver on their promise to stimulate demand further, it will be because they perceive it to be in their domestic interest to do so.

The other reason to be sceptical about the aspirations of the summiteers on the monetary front is that they are a much less potent force in today's world economy than the speculators. These appear to be offering an alternative, quicker solution to the problem of deficient demand in continental Europe by putting the French franc to the test. Yesterday the franc moved perilously close to its floor within the ERM as money flooded into the D-Mark, largely in response to a worsening official forecast of the shrinkage in French GDP this year, together with a prediction that unemployment would rise from 11.5 per cent to 12.5 per cent by December.

Politically untenable

Clearly the money men scent that the high level of French real interest rates in a deepening recession is becoming politically as well as economically untenable. French monetary policy is in the hands of the Bundesbank, which still has to cope with inflation of more than 4 per cent, money supply growing at above its target and worries about D-Mark weakness against the dollar and the yen. Unless German interest rates come down further and faster than the Bundesbank has so far allowed, the pressure on the franc can only increase.

But unemployment, which was a more pressing concern for the summit participants this week than inflation, is not solely attributable to deficient demand. In Europe, whose five largest economies have an average unemployment rate of more than 11 per cent, it has a disproportionately large structural component. And here a report agreed by the G7 finance ministers shifted from previous summits' emphasis on deregulation to active public policies, including measures on education and training. This followed President Clinton's call for a ministerial summit to consider the causes of structural unemployment and potential remedies.

Whether a global meeting makes sense when the structural features of labour markets in the US, Europe and Japan are so obviously different is a moot point. The pressing problem is Europe, which suffers from real wage rigidity, low mobility and high non-wage employment costs. These are already the subject of an initiative by Mr Jacques Delors within the European Community. And the OECD is conducting a wider review, which covers the G7 and most of the developed world.

At first sight, there may seem little harm in duplicating the effort in a summit talk shop. But if the talk focuses on the export of jobs from the developed world to Asia, the risk is that protection could come back on to the agenda via the back door – an outcome that should be stoutly resisted.

Why does the Uruguay Round matter? **Martin Wolf** explains what the trade agreement in Tokyo might mean

Not over until all the fat ladies sing

"By the way, Martin," remarked the deputy editor, "we want a feature for the Saturday paper on what the Tokyo trade deal will mean. You know, who the losers and who the gainers will be, that sort of thing."

I blenched. "In the first place," I explained pedantically, "we don't even know what has been agreed. In the second place, they are still far from a conclusion to the Uruguay Round. In the third place, nobody knows what such a trade deal means quantitatively."

"What about the British officials who say it could produce 400,000 jobs in the UK over the next 13 years? Where did they get that figure from?"

"Heaven knows," I replied. "Increased trade generates additional economic welfare. Its impact on employment depends on what you assume about real wage flexibility, and so on."

"What are you saying? That figures like that are simply made up?"

"Yes and no. They are made up, but pseudo-scientifically."

"Well, what about Mickey Kantor, the US trade representative," persisted the deputy editor? "He said it was the 'biggest tariff-cutting agreement in history' and claimed a successful trade round would create an extra 1.4m jobs in the US over 10 years and 2m over 13 years."

"That's no proof, I'm afraid. For a person who prides himself on his resistance to 'trade theology', Mr Kantor is getting mystical. Did you notice that 600,000 of these extra jobs are supposed to come more than 10 years from now? Who knows what might happen by then?"

Irritation began to break through the deputy editor's calm demeanour. "Anyway," he insisted, "we want a feature. Go and talk to the features editor about it." Thus admonished, I went.

"Yes," that formidable personage remarked in her most head-mistressly manner. "You must tell readers what this deal might mean. But remember they are bored silly by this Gatt business. So make it imaginative, even amusing. And no ifs, buts or footnotes. You know what the editor thinks about footnotes.

"What are you going to say," she demanded?

"Well," I replied, "the first point is that it's not over until the fat ladies sing in harmony. They have many difficult decisions to reach between now and next December, when renewal of Mr Clinton's 'fast track' authority runs out."

"What's a fast-track authority? Come on, Martin, leave out the technicalities, for once. Imagine you're trying to explain what you mean to your elderly uncle."

"A fast-track authority," I explained patiently, "means that Congress can only vote for or against the agreement as a whole. It cannot destroy it by amendments."

"Well, what does still have to be done?"

"The first thing is to obtain concessions from the other participants in the Uruguay Round to match those made by Canada, the European Community, Japan and the US. Probably the most sensitive issue will be tariffs on textiles and clothing. There will also have to be a multilateral steel agreement, to reduce distorting subsidies. Japan and South Korea will have to accept liberalisation of rice imports and France will have to agree to last year's farm trade deal with the US or to be overruled on the issue."

"Could the French veto the deal?"

"Strictly speaking, it has no veto.

The question is whether other EC member states will be prepared to outvote France. Much depends on Helmut Kohl.

"Then there is trade in services," I continued. "The Japanese and Koreans have to liberalise financial services, like banking, while the US wants the Europeans to liberalise audio-visual services."

"There you go again. What does that mean?"

"It means Hollywood's right to flood the globe with pap," I replied. "For once, the French have a point. Unfortunately, much more is left to be decided in services than just these tricky issues.

I pressed on. "Apart from services, there is also doubt about whether an integrated disputes mechanism will be established within the proposed new multilateral trade organisation (MTO). Given the hostility to that idea of environmentalists and other pressure groups, particularly in the US, the MTO may share the fate of the International Trade Organisation, which perished on its way to the US Congress in the late-1940s."

"Stop," she shrieked. "We already know the round may never be finished. Our readers need to know what the round would mean if it were finished."

"Well, among the winners would be exporters of farm produce, such as Argentina, Australia, Canada, New Zealand, Thailand and other members of the 'Cairns group'." I noticed the features editor was ostentatiously filing her nails, but ignored her. "Anyway, one should not exaggerate the difference this deal might make. Farm trade liberalisation would only begin with the Uruguay Round. More important than the actual liberalisation might be the ceiling it would put on any future increases in farm subsidies.

"Exporters of clothing from developing countries would gain too, but not all. Chinese exports would be the main beneficiary. Some developing countries are protected by the bilateral quotas of the MFA and would lose if it were liberalised. Efficient steel producers should benefit, wherever they are located. This is not a north-south issue. Competitive steel producers are found everywhere.

"Industrial country producers of pharmaceuticals, recorded music, videos, computer software and books, all of whom should obtain more effective patent and copyright protection, would also make substantial gains.

"US and British companies expect to do well in services, particularly financial services, but France, too, wouyld be in a strong position. Financial service providers like American Express have been among the most influential US supporters of the Uruguay Round. If they do not get what they hope for, there may not be enough support in Congress to pass the package.

"Another high potential export sector for some industrial countries is telecommunications. The economic pressure for liberalisation is very strong, which means the Uruguay round may not make much difference. But big US suppliers, along with companies like BT, should gain. The traditional PTTs are likely to come under huge pressure. New cross-border and cross-industry alliances seem certain.

"Losers are simply the mirror-image of the gainers: highly protected farmers, makers of labour-intensive manufactures in high wage countries and, more generally, producers who need their protection to survive."

"Isn't it possible to be more precise than that?

"Not really," I replied. "You have to remember that tariff reductions are to be phased in over five years, after ratification. Liberalisation of the MFA is due to take 10 years, with the bulk of that liberalisation towards the end. Nobody can really tell what might happen to world trade in clothing by 2003."

The features editor pulled a "what wishy-washy features I have to put up with" kind of a face. "Can't you say something about employment," she pleaded?

"I am glad you asked that," I replied. "Fortunately, the first thing Peter Sutherland, the Gatt's new director-general, asked from his staff was an analysis of the link between trade and jobs. They made the important point that 'the jobs and trade debate is not a debate about jobs, but about *which* jobs'.

"Rich countries would exchange low paying jobs in import-competing industry for higher paying jobs in export-related industry. Over the last few years, the most dynamic markets for industrial country exporters have been China, the Middle East and Latin America. In fact, between 1986 and 1990, virtually all job growth in US manufacturing was in exports, while a recent study by the US trade representative's office found that workers in export-related jobs earn 17 per cent more than the average US worker. So trade liberalisation is how rich countries will get more of the 'good jobs' that president Clinton wants.

"Meanwhile, poorer countries would obtain more jobs for each unit of investment. So both sides would gain, which is what trade is all about.

"Is that all there is to say?"

"Not at all," I replied, warming to the theme. "If exports of manufactures from developing countries continue to grow at their recent pace, the ultimate effect might well be an increase in wage inequality in rich countries, other things being equal, but less inequality in poor countries. Industrial countries would have to find imaginative ways to deal with the problem. It would be disgraceful to make the poverty of developing countries an excuse for policies that keep them poor.

"But the most important effect of an agreement in the Uruguay Round would be preservation of a multilateral trading system. That would confirm the wisdom of the outward-looking, market-oriented policies adopted by so many countries in recent years. These policies should, in turn, spread the exceptionally rapid growth of east Asia during the past decade or two to other parts of the world, including to the industrial countries who provide nearly all the capital goods developing countries need."

"Is that all there is to say?" asked the features editor, looking at her watch.

"Not at all," I replied. "Even if successful, the Uruguay Round would be one in a probably endless series. Something will have to be done to secure a global competition policy, instead of controversial anti-dumping and countervailing duty measures. The US will have to be weaned off its desire to manage trade, particularly with Japan. I am not particularly concerned about the supposed threat of regional trade blocs, since there is not going to be one in east Asia. But an accommodation must be made with the environmentalists, though not one that satisfies the urge of some of them to push humanity back into the self-sufficient manorial economy of the Dark Ages.

"So what does that mean? Yet another round?"

"Absolutely. The next one will have to start well before the results of the Uruguay Round are harvested. I think it might be called the Beijing Round."

The features editor smothered a yawn. It was obvious she was never going to be persuaded that Saturday readers should be served this arid sort of stuff. "All right," she said. "But make sure you get the copy in early. You know how difficult Fridays always are."

MAN IN THE NEWS: ***Lord Justice Scott***

Free-wheeling Olympian

Senior UK civil servants are not accustomed to being grilled in public. But such was the fate this week of the hitherto unflappable Peter Verker, head of arms control and disarmament at the Foreign Office when he gave evidence before Lord Justice Scott's inquiry into arms sales to Iraq.

Mr Vereker had suggested it was irrelevant to the inquiry that Jordan had been left off a government blacklist despite evidence it was an important route for arms supplies. The judge was unconvinced.

"Where Jordan should be – you can see it is alphabetical – it looks rather as though someone has just snowpaked it out, or that it has just gone, has it not?" snapped the judge. Mr Vereker, answered: "That is a gap."

The encounter is typical of the sharp questioning by Lord Justice Scott, alongside judge's counsel Ms Presiley Baxendale QC, over the past three months of hearings.

Lord Justice Scott's timely interventions have cut through virtually impenetrable Whitehall jargon. He has also read thousands of government documents, made available to him on the intructions of the prime minister. The volume of material and complexity of the inner workings of the Civil Service might have worn down a less sturdy character.

"The judge is absolutely determined to get to the heart of what has happened and he will follow it through in a very determined way," says Christopher Muttukumaru, an assistant Treasury solicitor and secretary to the inquiry. "He is enjoying this immensely and finding it enormously challenging."

But Lord Justice Scott's approach has apparently jangled nerves in Whitehall. Though one Conservative MP close to the government claimed yesterday he had heard "neither a murmur nor a ripple" about the inquiry, others in the Commons suggest the government is nervous.

Few who know Lord Justice Scott are surprised at the spectacle. "He is completely fearless, enormously intelligent and won't accept waffle," says a former colleague. "He wants to get to the bottom of things and does."

Lord Justice Scott was brought up in South Africa, but he was born, of English parents, in Dehra Dun in northern India, where his father was serving in the 2/9th Gurkha Rifles. His early childhood was spent in Peshawar and it was not until he was eight that the family moved to a 500-acre dairy farm on the Mooi River in the Natal midlands.

He was educated at Michaelhouse, one of South Africa's elite private schools, where he excelled both in the classroom and on the sportsfield. He read law at Cape Town University before taking up a Commonwealth scholarship to Trinity College, Cambridge, in 1955. He gained a first as well as a rugby blue at wing forward.

Lord Justice Scott met his wife Rima Ripoll, the daughter of a Panamanian dancer, during a year teaching in the US after which he returned to London and joined the Chancery Bar. His rise to the top of the profession was rapid.

He took silk in 1975 and in 1982 at just 48 was elected Bar chairman. The following year he moved onto the High Court bench where he quickly found himself in the limelight, trying the case brought by the government against The Guardian newspaper for return of a confidential memo leaked by Sarah Tisdall, the former Foreign Office clerk. He ordered the document's return on the grounds that it was government property. Ms Tisdall was later convicted under the Official Secrets Act and jailed for six months.

It was not until 1985 that his libertarian credentials became established after he granted a group of South Wales miners an injunction preventing officals of the National Union of Mineworkers organising mass-picketing.

But it was Lord Justice Scott's judgment in the 1987 Spycatcher case, where he rejected ministers' attempts to place a permananent ban on press coverage of former MI5 officer Peter Wright's book, which made him a media darling.

Later, his place as one of England's less conformist judges was assured, when he warned of the dangers of government legislation on confidentiality, saying judges should be left to develop the law and to reflect society's needs.

Yet barristers say he is tough, can be brusque, and drives his court hard. "He's been a great success on the bench," says one QC, "but he's not the warmest of judges. You could say he's 'slightly Olympian'."

The only apparent blot on an anti-establishment reputation is his love of fox hunting. He regularly rides out with the Grafton Hunt in north Oxfordshire and with a local draghunt – the Farmers' Bloodhounds – which hunt a man leaving an animal-scented trail rather than a real fox.

This country activity fits his Action Man persona (he is a fit-looking 58-year-old) but sits oddly with the green image he creates by bicycling to work each day, and his unstuffy social and parental manner. He enjoys his social life with his high-spirited wife while having gracefully accepted the conversion to Islam of a son and a daughter.

A close friend says of him: "What underpins both his private and professional life is a very firm belief that there should be personal freedom of action so far as it does not impinge on the general good."

But it is Scott's reputation as a judge capable of taking on the political establishment, which begs the question of why the government picked him to lead the Iraq inquiry.

Those close to him insist that his appointment is as much a mystery to him as to the bulk of the judiciary. Some close to the inquiry suggest the appointment was made after unusually high level consultations, including with the prime minister. Mr Major apparently wanted to be seen to be committed to more open and fair government, which would be would be better served by appointing a judge like Lord Justice Scott than one with a more compliant reputation.

The next big test of Lord Justice Scott's style however, will come in the autumn, when taking their turn before the judge will be the prime minister, and his predecessor, the Baroness Thatcher.

Jimmy Burns and Robert Rice

On the beach, they take it as read

What books will Britain's chairmen and chief executives be taking on holiday this summer, asks Charles Batchelor. Political biography, histories and novels head the list. It will probably come as no surprise that management volumes do not make the grade. Clear winners are John le Carré, with his spy thriller The Night Manager, James Clavell's Gai-Jin, and Jeffrey Archer's Honour Among Thieves. The most frequently mentioned title not quite to make the holiday suitcase? Without a doubt Nigel Lawson's The View From No 11. Many executives are "wading through", or "dipping into" it, but it appears to be just too bulky to make the trip.

A bag of books, most of them "hefty tomes", accompanies Sir Denys Henderson, chairman of ICI. The subjects are mainly biographical but with what Sir Denys calls "faction" thrown in. He hopes to finish the Diaries of Alan Clarke, the former defence minister, which he is already halfway through and which he describes as a "light read". Next in line is Truman, a biography of former US president Harry Truman by David McCullough, bought in a New York bookshop. Lighter relief comes in the shape of Gai-Jin, James Clavell's 1,000-plus-page account of the European powers' attempts to open up 19th-century Japan.

"Good escapism" is the essential characteristic required by Ewen Macpherson, chief executive of 3i, the UK's largest venture capital company, which has made news in recent months with its on-off plans for a public flotation. Macpherson will be taking Le Carré's The Night Manager and Jeffrey Archer's Honour Among Thieves with him on his annual Scottish fishing break, where he catches up on leisure reading. A book which has attracted his interest is The View from No 11, Nigel Lawson's account of his years as chancellor of the exchequer. "I've been dipping in and out of it but I have not yet settled down," says Macpherson.

Alastair Ross Goobey, chief executive of Postel, the UK's largest pension fund, is a fan of the English classic novel, an enthusiasm he shares with his wife. They like to choose a title jointly and discuss it afterwards, with the characters fresh in their minds. Dickens's Hard Times is this year's choice, perhaps an appropriate title for an investment manager at the end of a deep recession. This will be joined by Fatherland, Robert Harris's thriller set against the background of a victorious Third Reich. Ross Goobey will also be taking John Carswell's South Sea Bubble, a recent reissue of the story of the famous stock market scandal.

Stanley Kalms, chairman of Dixons Group, is methodical. He has selected books in three categories – "political history, popular stuff, and mind-improving" – for his planned three-week break. Under the first category he has selected John Campbell's Edward Heath, a biography, and Portraits and Miniatures, by Roy Jenkins, a founder of the Social Democrats, whose style he admires. The popular selection includes Jeffrey Archer's latest thriller, Honour Among Thieves. In the mind-improving section, Kalms has set aside One People, a study of the different strands in the Jewish community by Jonathan Sachs, the chief rabbi.

Sir David Scholey, chairman of S G Warburg, the merchant banking group, says he "builds up a pile to be read and then see how far I can get through it". On his list is Tolstoy's Anna Karenina, which he last read as a schoolboy and which a friend has recommended as a good guide to understanding what is happening in Russia today. He has also chosen Le Carré's The Night Manager for light relief. He looks forward to what he believes will be a "splendidly convoluted" tale. For a more factual account of recent history he has selected Turmoil and Triumph, the memoirs of George Schultz, former US secretary of state.

George Bain, principal of the London Business School, will read books he has set aside specially and others already half completed. There is a strong historical thread to the group. Part-read is Joe Lee's Ireland 1912-1985, an historical work with a personal resonance because of Bain's Belfast mother. This will be joined by Correlli Barnett's Engage the Enemy More Closely, not a reference to Insead, the rival French-based business school, Bain jokes, but a history of the Royal Navy, in which he served. The historical theme is completed by Under an Open Sky, by William Cronon, a collection of essays on the American west.

If Sir Simon Hornby, chairman and chief executive of W H Smith, were taking a holiday, a Trollope novel would be in his suitcase. A rapid and voracious reader, Sir Simon, a member of the Trollope Society, is working his way through the author's entire output. Not that such dedication confers unreserved pleasure. The Macdermots of Ballycloran, Trollope's first novel and the most recent on Sir Simon's list was "a boring book, almost unreadable", he says. Sir Simon reads mainly novels. "I don't want to be bothered with other things." An exception is Jean Genet, Edmund White's life of the French novelist and dramatist.

Sure-fire winner that went astray

Quentin Peel says the shooting of a terrorist has exposed panic in the Kohl administration

The carefully planned anti-terrorist operation around the little railway station of Bad Kleinen, on the shores of Lake Schwerin in north-eastern Germany, should have been a public relations triumph for the law-and-order platform of Chancellor Helmut Kohl.

The capture of two left-wing terrorists, wanted for murder and attempted murder and on the run for the past 10 years, was just the sort of coup needed to revive public confidence in an ailing administration.

What happened in a blaze of gunfire on the stairs and platforms of the rural railway station has turned instead into a potential new political disaster for Mr Kohl and his coalition colleagues. It has already claimed the heads of Mr Rudolf Seiters, the interior minister and a close confidant of the chancellor, and of Mr Alexander von Stahl, the federal prosecutor. More heads in the security services are confidently expected to roll.

And yet there is still no clear picture of precisely what happened at Bad Kleinen 12 days ago, when more than 50 crack anti-terrorist police surrounded the station café where Mr Wolfgang Grams and Ms Birgit Hogefeld, both members of the Red Army Faction, were sitting down to a meal of sausages and toasted Camembert.

All that is clear is that Ms Hogefeld was arrested, and Mr Grams was shot dead in a furious gun battle with the police; one young policeman also died, shot through the heart. But the suspicion has emerged that Grams may have been shot in cold blood, when lying unarmed and wounded on the railway tracks.

"That is a very serious allegation in Germany," according to one parliamentary expert on security matters. "This is not the US. Ordinary people are horrified, even if they abhor the Red Army faction."

What has also emerged is a picture of muddle and panic at the heart of the Kohl administration, and incoherence and confusion between the multiple arms of the security services.

It is not so much what happened, but the failure to tell how it happened, that has caused the political backlash.

So far the only person to emerge with any distinction has been Mr Seiters himself, even though he resigned from office last Sunday without any apparent reason for doing so. Moreover, he seems to have triggered a probable domino-effect of resignations and dismissals, which could shatter the leadership of Germany's security services. And yet his resignation is praised on all sides of the political spectrum as honourable and desirable.

To the outside world, at least, it must all seem confusing. Inside Germany, as usual, the only man who appears entirely unruffled is Mr Kohl himself. He stayed in the country just long enough to appoint a new interior minister, and then flew off to the Group of Seven summit in Tokyo.

The Bad Kleinen affair looks like another example of a self-inflicted political scandal

The Bad Kleinen affair looks like yet another example of a self-inflicted political scandal, suggesting a real crisis of leadership in the government, underlining the bickering and gloom within the coalition, the absence of a self-confident opposition, and the lack of co-ordination in key areas of the administration. Mr Seiters is the ninth minister to resign, or be dismissed, from the coalition cabinet since the beginning of last year.

The opposition Social Democrats can scarcely gloat. They have lost their erstwhile leader, Mr Björn Engholm, leaving their electoral hopes in disarray. Their fortunes are now pinned on the untried, and largely unknown, figure of Mr Rudolf Scharping, the 45-year-old state premier of the Rhineland-Palatinate.

Bad Kleinen could yet be the gift from the gods which Mr Scharping urgently needs to revive his party's fortunes, and demonstrate the incompetence of Mr Kohl's government. But until the facts are known, even that much is unclear.

The problem is that far too many security organisations seem to have had a hand in the operation. The informer who tipped them off worked for the internal security service, the prosecutor ordered the arrests, the federal police were in charge of the operation and used the GSG-9 anti-terrorist unit – part of the border police – to do it. All are responsible to different masters.

"The very system was designed to be a bit inefficient, thanks to memories of the Gestapo and Nazi centralised rule," according to one foreign observer. "What we have seen is that it more or less lives up to expectations."

The fact that Mr Seiters quit is seen as a personal vote of no confidence in Mr Kohl and his cabinet, rather than a necessary sacrifice. "He was tired of the bickering, and his heart was not in the battle," according to one senior official.

And yet Mr Kohl has managed to use Mr Seiters' resignation to advantage. He has brought into the government a stern advocate of law and order, Mr Manfred Kanther, leader of his Christian Democratic Union in Hesse, who could well bolster the platform in next year's elections.

Mr Kanther is no shrinking violet. He has been a sharp critic of the chaos in Bonn, while sitting out in the provinces. Mr Kohl is seeking to exploit his reputation as a staunch member of the party's "conservative-nationalist" wing and silence a potential critic.

It is the sort of political trick at which the chancellor is a past master. Yet time is running out for political tricks. Mr Kohl desperately needs to prove that he heads an administration capable of coherent government – and ensuring law and order. That is precisely what the events at Bad Kleinen have undermined.

For one glorious moment this week, the UK's environmentalists thought they had witnessed the unimaginable: the greening of the Department of Transport. In a move that took almost everyone by surprise, the government tore up long-standing plans to build a new crossing over the Thames in Greenwich, south-east London, because one of the approach roads would have cut through a clump of old and much-loved trees.

Conservationists were astonished. In Britain, as in many other countries, protesting against unpopular road schemes is a national pastime, but few who indulge in it do so with any expectation of success. The Department of Transport is nicknamed the Department of Roads, and it is axiomatic in the roadbuilding business that, given a choice between the economic benefits conferred by a new motorway and the environmental benefits conferred by a local beauty spot, the economic arguments tend to prevail.

So what went wrong with Oxleas Wood? True, some might have though it a pity to see one of London's last pieces of ancient woodland disappear under a few thousand tonnes of Tarmac. But as far as the department was concerned, plans for an East London River Crossing dated back to the Abercrombie Plan to rebuild London after the last war, and the £283m project would have formed a long-overdue and badly needed link between the London-Dover road and the capital's North Circular orbital road.

Part of the explanation for the turnabout must lie in the sheer doggedness of the protestors. Led by a campaigning group called People Against the River Crossing, their story is one of a prolonged and bloody-minded refusal to be defeated.

The group itself came into being when the first public inquiry into the scheme was held between September 1985 and December 1986. In 1989, it complained to the European Commission that the UK government had not carried out a proper environmental assessment of the scheme. (The case has yet to be heard.) In 1990, when the road scheme was altered, a second public inquiry was held. In 1992, nine local campaigners challenged the scheme in the High Court; and when the judgment went against them earlier this year, they took the matter to the Court of Appeal, where it was due to be heard in November 1993.

Dot Lawrence, the group's 66-year-old secretary, says the Oxleas Wood campaign has taken over her life. Her garage and two bedrooms of her three-bedroom house are filled with paraphernalia from the campaign: papers, leaflets, T-shirts, maps. She says: "I was a very minor person in the campaign at the beginning, looking after my mother and a job. I still don't understand a lot of it. As you grow up with it, you know more, you become more self-confident. In the end you start to live the whole damn thing."

Parc chairman Dr Barry Gray, a hospital consultant, attributes the group's success to perseverance and determination. It was, he believes, essential to have a hard core of 40 activists, who would outlast hundreds of other supporters whose interest was less constant, and the support of the local authority, Greenwich Council, which spent £1.5m pounds on fighting the scheme in public inquiries and the courts.

Out of the woods: local MEP Peter Price (in the suit) toasts success with members of the campaign to save Oxleas

If you protest in the woods today . . .

Tim King on the implications of an environmental victory

Oxleas Wood gave a peculiar character to this planning dispute. Although opponents of the road scheme were also concerned about the proposed demolition of 240 homes, about the loss of other open spaces and about noise and air pollution, they focused attention on the wood itself.

With emphasis on the rich diversity of species in the woodland, the campaigners succeeded in persuading national environmental organisations such as Friends of the Earth to give unprecedented backing to a specific, local campaign.

With the help of these national groups, the campaigners distributed thousands of leaflets, asking people to pledge themselves to non-violent direct action in a Beat the Bulldozer campaign. To the politicians and the road lobby, that must have raised the frightening prospect of repeating the scenes witnessed on the M3 construction site at Twyford Down, in Hampshire, where earlier this month protestors staged a mass invasion.

Perhaps the last straw came in May when the British Road Federation, a lobbying group which campaigns for more roadbuilding, swapped sides to join the anti-road protestors. Suddenly, the government found there was virtually no one left prepared to stand up and say they thought the road should go ahead.

Mr Paul Everitt, the British Road Federation's assistant director, says his organisation's move came out of a recognition that the scheme as proposed would never be built in the face of such fierce opposition – particularly since the site's location in London put it within easy reach of television crews.

There was also, he adds, a sense of ritual sacrifice about the affair. "For many people it was a case of assuaging their guilt. They don't really like to think of their driving as detrimental to the environment, so Oxleas Wood was a symbol by which they would demonstrate their commitment to the environment."

All that apart, it is possible to read a slightly more political aspect into the change of mind. It is not surprising that a government with a thin parliamentary majority and a record low rating in the popularity polls should back away from such an unpopular project.

There was also the matter of the EC's legal action against the government initiated by People Against the River Crossing in 1989. The government claims it was under no obligation to carry out an environmental assessment of the road scheme under a 1985 EC directive because the scheme was already in the pipeline when the directive was issued. But the government's case looked shaky, and a defeat would have been a severe embarrassment.

It is also illuminating to consider the identity of the MP whose written Commons question voicing concern over Oxleas Wood provided the peg for the government's U-turn. Mr Peter Bottomley, the Conservative member for Eltham, recently emerged as one of the ringleaders in a Tory backbench rebellion over the government's controversial railway privatisation legislation. With the Railways Bill facing its gruelling final passage through the Commons after the summer recess, the government may now be hoping to find itself with one fewer rebel.

How much significance the Oxleas Wood campaign holds for other planning disputes is therefore open to debate. Environmental campaigners are already drawing up a list of battles to fight over other sites but, in reality, Oxleas Wood looks like an isolated case. Transport ministers, it seems, have not gone green: they have merely gone pragmatic.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Cause of low-grade jobs

From Mr R S Musgrave.

Sir, Richard Seager suggests (Letters, July 1) that labour market flexibility in the US has reduced unemployment but has also led to low grade jobs, and that Europe should be wary of this flexibility.

I am baffled as to how labour market flexibility in itself stops an employer creating a high grade job. The truth is that such flexibility merely reduces unemployment, and that is all its advocates claim for it.

As to the real wage or "grade" of work done, this is determined by a range of factors such as technical competence – where the US has lost much of its lead to Japan. Another factor is terms of trade, where the US has also lost out. It is the deterioration of these factors, not labour market flexibility, that explains the US's relative decline.

R S Musgrave,
24 Garden Avenue,
Framwellgate Moor,
Durham DH1 5EQ

Another facet of political levies

From Mr Julian E Smith.

Sir, The hearts of readers must be bleeding for your correspondent Mr R Stewart of Ayr (Letters, July 3/4) who was apparently: (a) forced to become a shareholder in a UK quoted company; and (b) unaware that the perusal of a company's annual report will provide useful information on its accounting and political policies.

In view of his strongly held opinion that "it should be left to individuals to decide to whom and by how much they wish to support any political party", it would be unwise for him to move to Germany. Here, he would find that a portion of any taxes he pays would be likely to be used to finance every political party while, at the same time, he would be prohibited from voting for any party at any level of election.

Julian Smith,
Bussardweg 11,
D-61440 Oberursel 4,
Germany

Long hours not necessarily smart hours

From Mr Paul Williams.

Sir, You rightly highlight the serious social consequences of long working hours ("Macho Managers", July 3). However, the equally serious problem is the damage they inflict on the UK's already appalling competitive situation.

The debate as a whole is completely on the wrong tack and obscured by the ambiguity of one government arm describing average 55-hour weeks as "outrageous" while another fights in the European trenches for 48-hours.

The reality is that working harder (meaning longer) may assuage job-fears, may be macho, may even be the last twinge of the Puritan mind. However, it is counter-productive to real output, as any serious research demonstrates.

Worse still, as my own experience as a Girobank general manager and subsequently at XTAQ confirms, upwards of 20 per cent of the remaining truly "productive" time is continuously misapplied in unnecessary, or poorly handled, work. This is true from top to bottom of most organisations, with breathtaking implications for UK plc's bottom-line.

So the awful truth: after decades of worrying about investment, trades unions, technology and any other excuse we can lay our hands on, our international competitors still work smarter and shorter hours.

There is no magic to this and, thankfully, the good news is that structured solutions are available, applied and working very successfully.

The question is whether our culture can cope with a new hero: the man leaving on time, his tasks successfully and effectively complete. Or must he remain the last man at his desk, groaning over his overflowing filing trays?

Paul Williams,
chief executive,
XTAQ,
18th floor,
St Alphage House,
2 Fore Street, London EC2

No justification for US unilateral military attack against Iraq

From Mr Howard N Meyer.

Sir, While appreciating assertively pro-American Mr Joe Rogaly's critique of the attack on Baghdad ("Sad about Uncle Sam", June 29), one regrets he did not articulate the principal basis for a reasoned critique of the decision and action, though he came very close.

Simply put, the US unilateral military action, explained under the pretext of being "self defence", was plainly, in the eyes of any reasonable person, not that at all. As I summarised State Secretary Daniel Webster's letter to Lord Palmerston, 150 years ago, in the case of The Caroline (in my book, The Century of the World Court) there must be (a) instant, overwhelming necessity; (b) no alternative choice of means; (c) a necessity to avoid deliberative processes.

These lacking, the president's action was clearly illegal, a point, regrettably, made nowhere in the US media save by Professor Alfred Rubin on National Public Radio's "Talk of the Nation".

Howard N Meyer,
375 West End Avenue (120),
New York, NY 10024

Profit in national pride

From Mr Brian H Gill.

Sir, Your leader, "Defence of the nation" (July 6), was, as one expects, cool, clear, calm and objective. However, I must take issue with one comment you make: that "a romantic view of [Britain's] past" should not be the guiding principle of UK defence commitments.

Th fundamental flaw is that such a statement ignores the as-yet unquantifiable "profit" that a nation derives from pride in itself. It is clear from the substantial coverage that the tabloid press gives to the way that "our boys are the best/bravest..." that the constituency that takes pride in the actions and achievements of the UK armed forces in "far-flung trouble spots" is not made up solely of what one might term "ageing half-colonels in the home counties".

I hold no brief for the tabloid readership, but it does seem to me that pride in our armed forces and their achievements is one of the things (alas all too few these days) that enhances our fellow countrymen's psychological well-being. This crucial aspect is, of course, unfortunately (and wrongly) not included as a "credit" in the balance sheets generated by the Treasury's all-knowing computer!

Brian H Gill,
261 Grove Street,
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London SE8 3PZ

Postal insurance jumped too

From Mr Jeremy Cockayne.

Sir, H N Harrison's letter (June 2) about the 83 per cent increase in the charge for recorded delivery is only half the story.

The Post Office has also increased the price of registered post from £1.90 to £3, while at the same time reducing the insurance cover provided – from £950 to £500. For those of us who regularly use the service, this represents a whopping 200 per cent increase in the cost of insurance per £ covered.

Jeremy Cockayne,
23 St Paul's Square,
York YO2 4BD

Evered Bardon moves to reduce borrowings

By Andrew Bolger

EVERED BARDON, the international building materials group, has been forced to reduce its £300m debt mountain with a £72m rights issue and a private placement of US loan notes worth $72m.

Shares in Evered Bardon closed down 5p at 48p after it announced the 1-for-2 rights issue, priced at 40p per share.

The group also said it would make an exceptional write-down of £60m in the value of Civil & Marine, the sea-dredged aggregates business which was bought for £110m in 1990.

Talks are being held with a prospective buyer, but the group said it was clear that the price achieved would be well below the current book value of the business.

Mr William McGrath, finance director, said the proceeds of the rights issue and placing would reduce the group's gearing from 90 per cent to 60 per cent. The write-down on Civil & Marine, which would be shown in the group's results to June, would have risked breaching existing loan covenants.

Mr Peter Tom, chief executive, said that in spite of reduced costs and improved efficiency in all the group's operations, debt remained too high, and this had been constraining the business.

The company, which will change its name to Bardon Group, reflecting its principal trading name in the UK and US, promised to maintain a 2p dividend for 1993. It also forecast pre-tax profits of at least £300,000 in the six months to June 30, before the exceptional provision on Civil & Marine.

The present group is the result of a merger in 1991 of Bardon, which was controlled by Mr Tom's family, and Evered, run by the Abdullah brothers. Both companies had run up debts through expansion in the 1980s.

Mr Tom said: "In the last two years, we have concentrated on consolidating our position as a leading aggregates group in the UK and US, with substantial strategic reserves and significant regional market shares."

Bardon's workforce has been cut by 40 per cent to 2,000 people in the past two years, and the group said it was now highly operationally geared to both price and volume improvements.

The group will try to further reduce its debt through disposals or joint ventures. It has raised £67m from disposals since the end of 1991 and said a number of additional small disposals were under discussion.

Mr Tom said: "There is no doubt that trading conditions in many of our markets are now improving, with Massachusetts, in particular, enjoying excellent levels of activity.

"Elsewhere in the group, the signs are encouraging and we are confident that we can look forward to greatly improved prospects as we move into 1994 and beyond."

See Lex

BAe set to conclude Taiwan venture

By Peggy Hollinger

BRITISH Aerospace appears set to conclude its £250m joint venture with Taiwan Aerospace Corporation at the end of this month, following reports that the Taipei government has offered a $250m (£166m) interest-free loan to help develop new aircraft models.

BAe refused to comment on the reported loan offer for the regional jet manufacturing and leasing joint venture. However, the company said it was happy that "negotiations were coming to a conclusion and that everything was on course".

In recent weeks, with little sign of movement from either BAe or TAC, there have been fears of protracted delays. Speculation centred on difficulties over the provision of leasing finance by state-owned Taiwanese banks to TAC. Both partners must get bank guarantees to cover finance for leasing aircraft.

However, the development loan from the Taiwan government appears to have dampened any fears. "It has got to be good news," said one analyst. The state's offer was likely to mean that the Taiwanese banks would soon come into line on lease finance.

BAe and TAC, which is 29 per cent owned by the Taiwan government, signed a joint venture deal at the beginning of the year to manufacture and lease RJ passenger jets.

The loan of between $250m and $300m would be for the development of an advanced RJ jet, the RJX. Total costs of developing the RJX have been estimated at $1bn.

The current aircraft will be manufactured for at least three years at BAe's UK factories, saving some 3,000 jobs.

A fall from defending heights

Richard Gourlay on why the Panel is to investigate Owners Abroad

THE TAKEOVER Panel yesterday confirmed it would investigate Owners Abroad after the holiday company's dramatic profits warning on Thursday. It has a simple brief.

First of all, it will focus on whether representations made by Owners Abroad and its City advisers accurately reflected the state of the company's business at the time of the bid.

Apart from factual accuracy, it will also assess whether any facts were omitted that could have foreshadowed the statement that Owners Abroad's profits would reach only half the level expected at the time of the bid.

At its simplest, the investigation will need to answer how a business – even one as volatile as the holiday tour business – could go quite so wrong only four months after Owners had said the group was having a record year.

Throughout the bid Owners and Airtours traded statistics designed to show that they were gaining market share or that they were significantly ahead of the previous year's levels.

Statistical support was deployed in such abundance that some institutions, even at the climax of the bid, admitted they simply did not know the true picture or who to believe. What most shareholders heard loud and clear from Owners Abroad, however, was that the trend of the defending company's trading was sharply upwards, from a poor previous year, and that there was no hint of the profits collapse that has now emerged.

When Owners Abroad in one of its last defence documents said it would increase its full year 1993 dividend by 43 per cent to 5p, this was seen as no more than confirmation of the bullish trading statements they had heard to date.

Owners Abroad and Samuel Montagu, its advisers, were at pains on Thursday to say that no profits forecast was *actually* made during the bid. Formally this is also the Takeover Panel's position. Dividend forecasts, the panel says, do not constitute formal earnings forecasts.

But investors immediately worked out that a 5p dividend, if covered about twice by earnings, implied profits of about £27m, the level the market was expecting until Thursday's announcement.

There is one compelling reason for believing the board did not foresee the problems that emerged this week. Had the Owners board recommended Airtours' offer – as indeed it was on the verge of doing late in the bid – the board members would have made a personal profit of £20m on shares they owned. As things have transpired, their stakes are now worth about half that now, leaving much of their personal wealth tied up in a company with a questionable future.

Institutions were therefore suspecting that Owners Abroad's troubles resulted from a management that simply lost control of the business. Having bought too many beds in the wrong resorts at the wrong prices, Owners has been hit by a rapid erosion of margins – an inevitable consequence of making mistakes when operational gearing is as high as it is in the holiday business.

It seems that the holiday industry has confirmed, once again, why it deserves such a low stock market rating.

Thos Cook looks to next summer

THE RESIGNATIONS this week at tour operator Owners Abroad leave the strategy of travel agent Thomas Cook looking battered, writes Michael Skapinker.

Thomas Cook took a 21 per cent stake in Owners Abroad earlier this year as part of the realignment of the industry which saw Airtours acquire retailers Pickfords Travel and Hogg Robinson. Thomson has owned the Lunn Poly travel outlet for 20 years.

While Thomson and Airtours seem pleased with this summer's prospects, this week's events show that Owners Abroad was not. Mr Howard Klein, its outgoing chairman, said on Thursday that the company's products were too expensive. It was also trying to sell too many holidays to the sluggish eastern Mediterranean market and not enough to Spain, which is benefiting from the depreciation of the peseta.

How does Thomas Cook, which is owned by Westdeutsche Landesbank and the German travel group LTU, feel about having a tour operator partner which, by its own admission, has the wrong products at the wrong price?

Mr Christopher Rodrigues, Thomas Cook's chief executive and a non-executive director of Owners Abroad, says that while the Owners management made mistakes, the glory of the holiday business is that each summer presents a new opportunity. Owners Abroad, he says, can get its holidays right next year, helped by Thomas Cook's intelligence on what is selling and what is not.

It is true that tour operators can attack new destinations if the previous year's offerings failed to sell. The problem has always been that others can do so as well.

The difference over previous years is that the largest tour companies have a guaranteed retail outlet for their holidays. Owners Abroad sales through Thomas Cook are up 30 per cent on last summer.

A rejuvenated Owners Abroad will therefore be in a better position to recover than an independent operator which made mistakes. That assumes, however, that tour operators continue to be allowed to use their retailers in the way they are now doing. As the Office of Fair Trading is investigating these links that might be a dangerous assumption.

BOC makes German buy

By Paul Abrahams

BOC Group, the industrial gases company, yesterday announced that it had acquired the hydrogen distribution business of Hüls, a subsidiary of *the Veba Group of Germany.*

The move is part of the strategy of Mr Pat Rich, BOC chairman, to expand in continental Europe and South America. BOC's shares closed down 2p at 667p.

The business includes the longest hydrogen pipeline in Europe, extending more than 210km through the Rhine-Ruhr area and serving customers in both oil refining and chemicals. It also includes a cylinder and trailer filling station for hydrogen, methane and ethylene at Marl, near Münster.

Financial details were not provided. However, BOC said the consideration would be less than £78m. It is understood the sum is greater than £50m.

The amount should be settled in cash on completion, expected in mid-July. The deal has the agreement of the German competition authorities.

BOC said the business should make a positive contribution to earnings within a year as demand for hydrogen was robust and continued to grow. The company expects long-term demand growth to average at about 5 per cent a year.

BOC said the business would make a substantial addition to its continental operations whose turnover last year was about £140m. Group turnover was about £2.8bn.

Hüls will continue to manufacture hydrogen for BOC and operate the filling station. No redundancies at Hüls are involved. Goldman Sachs advised the German company.

Mr Chung Kong Chow, BOC Gases' chief executive, said: "This acquisition is a unique opportunity to broaden our product range in a major industrial gas market. It will complement our existing gases business in continental Europe and is a significant step in the expansion of our hydrogen business around the world."

Helical Bar raising £20m

By Paul Taylor

HELICAL BAR, the London-based property investment, development and trading group, announces plans to raise £20m net through a rights issue of 28.9m cumulative convertible redeemable preference shares.

Proceeds of the issue, which is underwritten by Credit Lyonnais Laing, will be used to invest in higher yielding properties and to take advantage of trading opportunities. Helical said the additional liquidity would enable it to continue to respond quickly to these opportunities.

The group, which is currently in negotiation to acquire residential, industrial and retail properties valued at about £25m, added that it views the remainder of the year "with optimism," and expects to increase the total ordinary dividend by about 20 per cent.

Last year the group also boosted its dividend by 20 per cent to 4.8p after reporting a profit turnaround. The ordinary share price closed up 10p yesterday at 236p.

Helical raised £19m through a convertible preference share issue in October 1987. Under the terms of the latest proposal shareholders will be offered the new 5.25p net convertible preference shares 2012 of 70p each at 72p per share on the basis of 7-for-5 ordinary and 1-for-2.785 existing convertible preference shares. They were unchanged at 85p.

In addition the group is proposing a capital reorganisation which would change the rights of the existing 5.25p cumulative convertible redeemable preference shares 2012 of £1 each, to ensure that the rights of the new and existing convertible preference shares will be identical.

Dealings should start on August 3.

£37m loss at Brown & Tawse

By Peter Pearse

SHARES IN Brown & Tawse fell 19p to 44p yesterday as the steel and pipes distributor revealed pre-tax losses greater than had been forecast in the profits warning in March when the group announced a recovery plan involving a management shake-up, the disposal of peripheral businesses and widescale restructuring of the core.

Losses of £19.8m had then been anticipated after provisions – in the event they were increased firstly by a charge of £14.8m struck under FRS 3 for goodwill and provisions for disposals and secondly by further provisions relating to "additional computer costs, stock obsolescence and poor purchase ledger controls" in Brown & Tawse Ltd, the main subsidiary.

In total, losses for the year to March 28 emerged at £36.5m pre-tax.

The board's last links with the past were erased yesterday when Mr Ian Harding replaced Mr Phillip Ashworth as finance director. Mr Richard Wilson, brought in from GKN as chief executive in September, said that when a company had been "badly managed or non-managed for as many years as B&T had been, it takes time to clear it up . . . but everyone has done as thorough a job as could have been done in the situation".

Jay Fasteners, which had profits of £73,000, sales of £6.9m and net assets of £1.6m, has been sold to Lilleshall for £2.9m. Mr Wilson hopes to sell Pipe & Tube Group (sales of £12m and net assets of £4.5m) and Stauff Group (£9m and £3m) soon.

He said that the adoption of FRS 3 stemmed from the decision the board had made to sell those companies.

Above the line there was a £5.54m exceptional write-off of the "disastrous" information systems computer, and £6.06m reorganisation costs.

Turnover came to £119m (£139.4m) and operating losses were £7.46m (profits £1.82m). Losses per share leapt to 111.2p (2.7p) and there is no dividend (4.7p total last year).

Rolls-Royce plans Chinese move

By John Griffiths

ROLLS-ROYCE Motor Cars is planning to appoint a distributor in China later this year, and will open a dealership in Moscow later this month, as part of an export sales drive to return the Vickers subsidiary to profit.

Higher sales in export markets beyond western Europe are offsetting this year's steep decline in continental European new car markets, leaving the Crewe-based luxury car maker on course to return to profitability by the end of this year, the company said yesterday.

Rolls-Royce has been drastically restructured over the past two and a half years, with its workforce reduced from 5,500 to less than 2,500 and its production break-even level halved to 1,300 cars a year.

However, last year's output totalled only 1,258 cars. And with restructuring still going on during the first half of 1992, Rolls-Royce incurred a trading loss of more than £20m. Retail sales world-wide fell by 20 per cent to 1,378, from 1,713 the year previously and more than 3,300 at the end of the 1980s.

Production is now being increased by about 25 per cent, partly for seasonal reasons – Rolls's second-half sales are traditionally higher than in the first – and partly to cater for the higher export demand.

Even so, the company's output was down a further 14.2 per cent in the first four months of the year, at 359 compared with 418 in the 1992 period. On this basis, an output increase of more than 25 per cent would be needed to exceed the 1,300 breakeven figure.

Reduced losses for Upton & Southern

Upton & Southern Holdings, the Cleveland-based department store group, reduced pre-tax losses from £2.86m to £635,000 in the 53 weeks ended January 30 1993.

The new management provided a further £265,000 against completed and ongoing property developments and £134,000 in redundancy costs. Further closure costs of £190,000 were foreseen this year.

Mr Jim Hodkinson, the new chairman, said the business was being focused on three Teesside department stores and three satellite retail units, with some property interests.

He told shareholders: "Over the coming year we plan to realise our property interests to concentrate on our core retail business which is beginning to perform well."

In January the group raised £3.2m capital as part of a reorganisation with its bankers.

Crystal to leave Tottenham board

By Paul Taylor

MR JONATHAN CRYSTAL yesterday tendered his resignation from the board of Tottenham Hotspur's football club. His resignation, which becomes effective on November 4, was accepted by the Tottenham board chaired by Mr Alan Sugar.

Mr Crystal is the only remaining director who supports Mr Terry Venables, Tottenham Hotspur's former chief executive who was sacked by Mr Sugar following their bitter court battle over control of the London club.

Earlier this week it emerged that Mr Sugar, who owns 47 per cent of the company, was considering calling an extraordinary meeting in an attempt to force Mr Crystal off the board. No date had been set but it could have taken place at the end of this month.

A move against Mr Crystal had been expected. The barrister had been a solid Venables supporter and Mr Sugar had publicly blamed Mr Venables' relationship with Mr Crystal for the turmoil at the club and had invited him to resign.

Mr Venables also wants to force Mr Venables out of the company, but has undertaken not to oust the former chief executive from the board until High Court hearings over their dispute are completed.

Mr Crystal's resignation will probably be seen as a victory for Mr Sugar. However, by tendering his resignation but delaying the date it becomes effective, Mr Crystal may have secured a few more months on the board.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Brown & Tawse ......fin	nil	-	1.85	nil	4.7
Equity Consort ......fin	13.50	Aug 20	13.125	24.562	24.1875
Latham (James) ......fin	nil	-	2.25	1.5	3.75
Pelican Group ......fin	1.1	-	1	1.1	1
Tor Investment ......int	8	July 30	10	-‡‡	40

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡‡Makes 38p; final of 2p forecast.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
125	F.P.	-	132	120	AG Holdings	130		R5.25	1.9	5.0	11.8
100	F.P.	-	107	88	Anagen	90		-	-	-	-
338	F.P.	-	359	356	Baring Chrysalis C	359		-	-	-	-
610	F.P.	-	679	679	Baring Emrg Mkts	679		-	-	-	-
120	F.P.	-	135	131	Business Post	135	+2	L2.9	2.5	2.7	18.9
148	F.P.	-	171	148	Carpetright	165		W3.89	1.7	2.9	24.4
100	F.P.	-	117	101	Celsis Intl.	103	-1	-	-	-	-
150	F.P.	-	229	200	Cobtree	229	+16	-	-	-	-
-	F.P.	-	10½	7½	Creston Warrants	7½	-2	-	-	-	-
170	F.P.	-	200	193	Devro Intl	198		W5.5	1.9	3.5	18.6
-	F.P.	-	100	90	Englef Inv Trust	90		-	-	-	-
-	F.P.	-	37	33	Do Warrants	36	-1	-	-	-	-
110	F.P.	-	120	113	Environmed	117		-	-	-	50.3
-	F.P.	-	16¾	11	Eurotunnel Wts 1993	15½	-½	-	-	-	-
260	F.P.	-	285	278	Field Group	284	+4	RN8.4	2.0	2.8	22.5
210	F.P.	-	259	233	Fine Decor	258	+1	u7.6	1.7	3.6	19.9
-	F.P.	-	95	94	Govett Emrg Mkts	95		-	-	-	-
-	F.P.	-	52	44	Do Warrants	49		-	-	-	-
100	F.P.	-	101	97½	Ivory & Sime ISIS	98½		-	-	-	-
-	F.P.	-	250	250	Kerry Grp A	250		Q30.1%	7.9	1.2	13.7
108	F.P.	-	137	126	Metrolect Inds	129		W3.24	2.2	3.1	17.9
100	P.P.	-	140	100	Northern Ireland Elect	140	+4	W10.02	2.3	4.8	8.7
100	F.P.	-	97	93½	Perpetual Japan Inv	95½		-	-	-	-
-	F.P.	-	47	37	Do Warrants	47		-	-	-	-
120	F.P.	-	148	140	Policy Portfolio	148	+7	u6.0	1.6	5.1	15.0
118	F.P.	-	139	123	Oswin Munro	131		L6.0	1.3	5.7	16.8
250	F.P.	-	250	225	RJB Mining	238	-1	W11.5	2.0	6.3	10.0
-	F.P.	-	105	103	Riv & Merc Ext Zero Pf	104½		-	-	-	-
-	F.P.	-	102	101	Second HGSC	101		-	-	-	-
-	F.P.	-	805	785	Sphere Inv Units	800		-	-	-	-
-	F.P.	-	48	25	Solar Warrants	48	+1	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	95p	94½p	Benlain 6.4pc Cv Pf	95½	-½
-	F.P.	-	108	105¼	Land Secs. 7pc Cv Bonds 2008	106⅝	+⅛
100	F.P.	-	103	101	Southend Prop. 8pc Cv 2020	101½	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
75	Nil	13/8	11½pm	7pm	Asda Property	11½pm	+1
12	Nil	11/8	2½pm	1pm	Brown & Jackson	1pm	
62	Nil	4/8	10pm	4½pm	Benford	5pm	
350	Nil	27/8	82pm	52pm	English China Clays	81pm	+12
60	Nil	-	6pm	4pm	GBE	4½pm	
150	Nil	13/8	28pm	14pm	Gt Portland Ests	24pm	+1
133	Nil	11/8	24pm	16pm	Hardy Oil	16pm	-1
240	Nil	9/8	115pm	110pm	Hodder Headline	110pm	-5
320	Nil	9/8	82pm	65pm	Matthew Clark	82pm	
30	Nil	18/8	7pm	4pm	Moran Hldgs	7pm	+1
132	Nil	4/8	21pm	11pm	Norcros	14pm	+3
8½	Nil	13/8	2½pm	1pm	Sutcliffe Speakman	1pm	-¼
480	Nil	10/8	78pm	48pm	Utd. Newspapers	62pm	+13
148	Nil	13/8	20pm	11pm	Wimpey (G)	11½pm	-2½

For notes on symbols refer to The Guide to The London Share Service.

TRADITIONAL OPTIONS

- First Dealings June 28
- Last Dealings July 9
- Last Declarations Sept. 30
- *For settlement* Oct. 11

3-month call rate indications are shown on page 11.

Calls: Alphameric, Cluff Res., Conrad, Dewhurst, Hay (N.), Owners Abroad, Proteus Intl., Waverley *Mining and Western Areas. Put:* Conrad. Put & Call: Tiphook.

Securiguard recommends Rentokil bid

By Andrew Bolger

RENTOKIL'S improved and final £75.7m offer for Securiguard was assured of success yesterday after it was recommended by the board of the security and cleaning company.

Rentokil, the environmental and property services group, bought 29.7 per cent of Securiguard last week when it lifted its bid to 345p per share. Securiguard directors also said they would accept the *offer in respect of their own* 8 per cent stake in the company.

Mr Clive Thompson, chief executive of Rentokil, said he was delighted with the recommendation: "We intend to develop extensively Securiguard's businesses and therefore believe that the opportunities and prospects for Securiguard's employees will be much improved within Rentokil."

Securiguard's board said it believed that uncertainty over the future ownership could damage the business by adversely affecting both customers and staff.

This could prevent the company taking advantage of opportunities and have an impact on shareholders. Against this background, *the board believed the final* offer fully valued Securiguard.

Securiguard said it had been assured that Rentokil intended to retain the separate identity of Securiguard's businesses and had no plans to dispose of any of its core businesses.

Mr Alan Baldwin, Securiguard's chairman, and Mr Peter Dunckley, the finance director, agreed to stay on as directors for a further six months to effect a smooth handover.

Rentokil has asked the other executive directors to continue in their roles.

Stratagem to acquire Harrison Industries

STRATAGEM, which is engaged in computer maintenance, retail car sales and runs an investment portfolio, has agreed terms for the acquisition of Harrison Industries. *The share exchange basis values* Harrison at £7.4m with a cash alternative at £5.1m.

Stratagem has been seeking a presence in the manufacturing sector since 1991 and feels Harrison, which makes industrial and domestic garage doors and related equipment, will benefit from added financial resources and a further strengthening of management.

After several years of losses at Harrison it believes there is considerable scope for recovery.

To help meet the cash alternative and fund working capital requirements of the enlarged group, Stratagem is raising £7.9m net in a placing and open offer, which shareholders can take up on the basis of 9-for-10 at 125p per share. Yesterday the shares rose 5p to 142p.

Terms of the acquisition are one Stratagem share for every 23 in Harrison, valuing each Harrison at 5.98p against 5p in the market on Thursday. The cash alternative is worth 4.1p.

Stratagem already owns 25.07 per cent of Harrison and *has received undertakings* which will bring its holding up to 50.12 per cent. The acquisition and placing shares will represent 59 per cent of the enlarged capital and approval of Stratagem shareholders will be needed.

A month ago Stratagem reported a turnround from losses of £221,000 to profits of £272,000 for the half year ended February 28 1993. Yesterday, Harrison announced a loss of £3.82m for the year ended March 31 1993 against a deficit of £908,000 for the previous 15 months, which included a £1.2m provision for reorganisation in industrial doors and a £900,000 property write-down.

Industrial doors, architectural ironmongery and builders' hardware companies, which represented more than 60 per cent of turnover of £51.4m, suffered from greatly reduced activity levels.

NEWS DIGEST

Latham £2.21m in the red

JAMES LATHAM, the timber importer and building materials merchant, reported a pre-tax deficit of £2.21m for the year to end-March.

The outcome compared with losses of £612,000 last time and came from turnover up from £59.6m to £60.8m.

The increased loss was due to a £1.89m exceptional charge relating to property write-downs, ongoing rents for closed branches and a further sum to cover historic pension arrangements not related to the pension fund.

Interest charges fell slightly, from £1.35m to £1.13m, and the company said that to reduce borrowings, further property disposals were envisaged.

Losses per share came out at 43.9p (8.7p). There is no final dividend leaving a total for the year of 1.5p (3.75p).

Hawtin surges and paying interim

Hawtin is returning to paying interim dividends after an absence of 20 years as half-time profits have expanded 51 per cent.

For the six months ended March 31 1993 the pre-tax outcome was £783,000 (£518,000) from turnover of £13.1m (£13.9m).

Earnings per share were 0.75p (0.49p) and the interim payment is 0.25p.

Operating profit rose to £1.15m (£980,000) while interest charges were reduced by £83,000 to £363,000.

Mr Phillip Dovey, managing director, was "particularly pleased" with operating profit in the building products division in view of the difficult trading conditions.

That operation contributed £122,000 (£17,000). In other activities leisure and fitness accounted for £650,000 (£673,000), textiles £316,000 (£229,000) and property £339,000 (£219,000).

ICC Bank shows advance to I£5.14m

Pre-tax profits of ICC Bank, the Irish state-owned bank, rose by I£483,000 to I£5.14m (£4.9m) in the six months to April 30.

The outcome was achieved on income up from I£61.9m to I£65.8m. An unchanged interim dividend of 6p is declared from earnings of 31.5p (27.3p).

Sperati maintains improved trend

The improved trend of the last half of 1992 had continued in the current year at CA Sperati (The Special Agency), the button and trimming merchant, with pre-tax profits up from £13,302 to £35,899 in the half year to April 30.

Sales rose by 28 per cent to £436,558 (£340,045). After tax of £10,500 (£4,200) earnings per share were 25.4p (8.1p).

British Bloodstock loss cut to £38,000

British Bloodstock Agency cut its loss from £55,000 to £38,000 in the year to end-March.

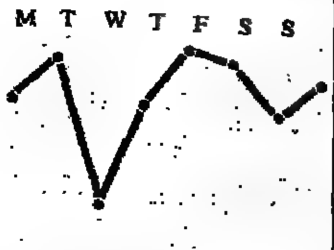
The trading improvement, however, was £370,000 as the previous year took in £353,000 profit on property disposal. It had been achieved notwithstanding continued policy of prudent provision for doubtful debts and a further writing down of stallion shares.

Costs had been cut by £1m since 1990 and further savings would be sought to assist a return to profitability and dividends as soon as possible. Losses per share were 1.4p, against 5p.

F&C forms emerging markets subsidiary

Foreign & Colonial Management, the fund management group, is forming a new emerging markets subsidiary. The new company, Foreign & Colonial Emerging Markets, will combine Latin American Securities (of which F&C previously owned 37.5 per cent) and the group's south-east Asia team.

F&C will own 75 per cent of the new company, and has bought in part of the stakes in LAS owned by the management and by Banco de Investimentos Garantia, the Brazilian investment bank.



ECONOMIC DIARY

TODAY: President Clinton meets with Russian President Yeltsin, then departs for South Korea, for two days of talks with President Kim Young-sam. Eight members of Bosnia's presidency will hold talks with international mediators in Zagreb. Moslem President Alija Izetbegovic will not attend. The Slovak government devaluation of its crown currency by 10.4 per cent, takes effect.

MONDAY: German wholesale prices for June. German retail sales for May. French consumer prices for June. United Kingdom Producer Price Index for June. EC economy and finance ministers meet in Brussels to discuss Maastricht convergence criteria. Negotiators meet to consider Tokyo summit trade agreement and resume Uruguay Round of trade talks.

TUESDAY: Dutch consumer prices for June. Spanish and Swedish consumer prices for June. German cabinet meets in Bonn to pass 1994 budget draft. United States June Producer Price Index, excluding food and energy. United Kingdom mannufacturing output for May and industrial production. Japanese June trade balance.

WEDNESDAY: French national holiday, all markets closed. United Kingdom Retail Prices Index for June. United States June retail sales and Consumer Price Index. United States real earnings for June. Canadian lead indicators for June. New Zealand Consumer Price Index for second quarter.

THURSDAY: United Kingdom unemployment figures for June. Germany, Bundesbank council meeting in Frankfurt for the annual M3 review. Canadian Consumer Price Index for June. Japanese industrial production for May. United States jobless claims and May business inventories.

FRIDAY: United Kingdom public sector borrowing requirement. United States, May merchandise trade, merchandise exports, and merchandise imports; June industrial production, capacity utilisation. Canadian May merchandise exports, merchandise imports, merchandise surplus, and manufacturing new orders.

LIFFE EQUITY OPTIONS

Option		CALLS			PUTS		
[illegible]							

*Underlying security price. † Long dated expiry months. Premiums shown are based on closing offer prices.

July 9 Total Contracts 23,957 Calls 12,191 Puts 11,776 FT-SE Index Calls 4,521 Puts 2,[illegible] Euro FT-SE Calls 416 Puts 1,[illegible]

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	36	HSBC (75p shs)	39	Ratners	3	Brit Land	7
Allied-Lyons	50	Charter Cons.	82	Hanson	20	Reed Intl	52	Land Sec.	40
Amstrad	3½	Comm Union	52	ICI	75	Sears	9	MEPC	30
Astec (BSR)	3½	Courtaulds	45	Ladbroke	15	SmKl Bchm A	40	■ OILS	
BAT Inds	75	Eurotunnel	30	Legal & Gen	35	TI	28	Arcon Intl.	5
BOC	56	FKI	12	Lex Service	19	TSB	12	Aviva Pet	5
BT	28	FNFC	7	Lloyds Bank	45	Tesco	20	BP	21
BTR	41	Forte	14	Lonrho	7	Thorn EMI	70	Burmah Castrol	60
Barclays	50	GKN	40	Lucas Inds	13	Tomkins	22	Premier Cons	3
Blue Circle	22	Gen Accident	31	Marks Spencer	25	T & N	15	Shell	36
Boots	42	GEC	22	NatWest Bank	30	Unilever	72	■ MINES	
Bowater	40	Glaxo	55	P & O Dfd	40	Vickers	9	RTZ	52
Brit Aerospace	24	Grand Met	40	Racal Elect	12	Wellcome	75		
British Steel	6	GRE	15	Rank Org	53	■ PROPERTY			

FT FIXED INTEREST INDICES

	July 9	July 8	July 7	July 6	July 5	Year ago	*High	*Low
Govt Secs (UK)	97.[illegible]	97.86	97.87	97.90	97.74	[illegible]	98.04	93.28
Fixed Interest	116.00	115.90	115.92	115.90	115.79	108.15	116.00	108.67

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75) Fixed interest high since compilation: 116.00 (9/7/93), low 50.53 (3/1/75) Basis 100 Government Securities 15/10/26. Fixed interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
July 8	92.3	100.2
July 7	107.3	106.4
July 6	109.5	108.9
July 5	95.8	107.8
July 2	96.2	108.2

* SE activity indices rebased 1974

COMMODITIES

WEEK IN THE MARKETS

Gold slips after stalling at $400

THE GOLD price slipped back towards the end of the week after twice failing to breach strong resistance at $400 a troy ounce. And it took the other precious metals with it.

The attempts at the $400-an-ounce hurdle were made on Wednesday and Thursday and the first came closest to succeding, the price peaking at a post-Gulf War high of $399.50 an ounce. The following day's advance ran out of steam at $398.30 an ounce.

Both failures prompted sharpish retreats and the second seemed to have knocked the stuffing out of the bull market. Further selling yesterday took the price down to $392.75 an ounce, and although that was still $2.75 up on the week dealers were generally in agreement that a nervously bearish tone had replaced the confidence that the market had maintained in recent weeks, even in the face of temporary setbacks.

"There weren't too many buyers around yesterday [Thursday] and those that were sold this morning," one dealer told the Reuter news agency yesterday.

Gold's ups and downs were shadowed by the other leading precious metals. Silver climbed to $5.08¼ an ounce before settling back to $5.03½, up 11 cents on the week, while the platinum price was fixed in London yesterday afternoon at $403 an ounce, down $5 on the day but still $8 up on the week.

Palladium had been out-shining the other precious metals in recent weeks as its price was boosted to a four-year high in response to strong physical demand from Japanese and US electrical goods manufacturers and worries about Russian supplies. But some of the froth was skimmed off this week and the price was fixed yesterday at $135.75 an ounce, $10.25 below last Friday's peak.

Like gold, the copper market has been chasing successive upside technical targets in recent weeks, in defiance of a fundamental picture that looks unequivocally bearish. Having broken resistance at $1,900 a tonne for the three months delivery position last week London Metal Exchange traders this week set their sights on the $2,000-a-tonne barrier. Apart from an options-related bear raid in mid-week, the traffic was all one-way until that goal was reached yesterday morning. But after forcing the price to $2,020 a tonne the buyers appeared to decide that enough was enough.

Profit-taking set in as investors were reminded by a sharp rise in LME warehouse stocks that fundamentals had changed little since the market bottomed in April at $1,705 a tonne. Analysts are unanimous that supply will continue to outstrip demand this year and professions of concern about production problems at Chile's Codelco and labour contract negotiations in the US have a hollow ring.

The technical nature of the latest bull move was underlined, moreover, by the fact that the New York market stopped short of the round figure of 90 cents a lb, while the LME pushed on to the even rounder figure of $2,000 a tonne, equivalent to 90.75 cents a lb.

Other LME markets were weaker as economic gloom weighed down prices. Nickel prices hit six-year lows and lead prices seven-year lows.

Sentiment deteriorated on the aluminium market in the continued absence of follow-up news from other producers following Aluminum Company of America's recent announcement of further big production cuts. Three months aluminium closed yesterday at $1,244.50 a tonne, down $18 on the week.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+2,850	to 1,903,725
Copper	+7,600	to 454,500
Lead	-225	to 261,375
Nickel	+996	to 90,804
Zinc	+4,250	to 701,725
Tin	+60	to 20,415

The oil market was also in a decidedly downbeat mood. Concern about the possibility of the Iraq/UN talks in New York resulting in a one-off sale of $1.6bn-worth of crude to finance humanitarian aid put further pressure on a market that was already struggling under the weight of overproduction by other members of the Organisation of Petroleum Exporting Countries.

At the London International Petroleum Exchange the nearby August delivery position dipped to $16.50 on Thursday, the lowest level for the nearby position since February 1991. It steadied slightly yesterday to reach $16.58 in late trading, but that was still 16 cents down on the week.

At the renamed London Commodity Exchange robusta coffee futures put in the strongest performance since mid-May after being given a flying start by news of agreement over the weekend by Latin American producers to withhold 20 per cent of their exports from the start of October – although some analysts were dubious about the likely effectiveness of the scheme. And the market finished with its tail up as prices were given an extra lift yesterday by reports that frost was possible in Brazilian growing areas this weekend.

The first factor helped to lift the September delivery position to $1,000 a tonne at one point, and the second encouraged the reversal of a subsequent fall. The price ended yesterday at $982 a tonne, up $54 on the week.

After a quiet week cocoa futures moved up quite sharply yesterday, the September position closing at £764 a tonne, up £17 on the day. Dealers attributed the rise to good buying interest in New York, which allowed the market to break upside resistance.

June turnover in the London cocoa market was up 84 per cent from the same month last year at 222,691 lots (10 tonnes each), the LCE announced this week. That helped to lifted overall LCE June turnover by 40 per cent to 337,513 lots.

Richard Mooney

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Jul 9	Day's change %	Thu Jul 8	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (25)	[illegible]	+0.00	[illegible]	1.94	5.94
2	5-15 years (23)	150.82	+0.16	150.58	2.46	6.86
3	Over 15 years (9)	183.88	+0.16	[illegible]	2.16	5.77
4	Irredeemables (6)	185.18	+0.07	185.05	1.64	7.35
5	All stocks (63)	146.69	+0.14	146.48	2.24	6.34
	Index-Linked					
6	Up to 5 years (2)	[illegible]	+0.05	[illegible]	1.22	1.80
7	Over 5 years (11)	176.02	+0.13	175.79	0.07	2.62
8	All stocks (13)	176.25	+0.12	176.04	0.81	2.53
9	Debs & Loans (63)	133.54	+0.14	133.35	2.43	5.50

AVERAGE GROSS REDEMPTION YIELDS

			Fri Jul 9	Thu Jul 8	Year ago (approx.)	1993 High		1993 Low	
	British Government								
1	Low	5 years	6.75	6.79	8.17	7.22	28/4	[illegible]	19/2
2	Coupons	15 years	7.86	7.87	8.66	[illegible]	12/1	7.84	18/3
3	(0%-7¾%)	20 years	8.62	8.63	8.65	8.64	20/1	7.83	8/3
4	Medium	5 years	6.93	6.95	9.06	7.68	11/1	6.73	19/3
5	Coupons	15 years	7.95	7.97	8.87	8.83	19/1	7.95	9/7
6	(8%-10¾%)	20 years	8.07	8.08	8.54	8.66	20/1	8.07	9/7
7	High	5 years	7.11	7.13	9.27	7.78	11/1	6.88	8/3
8	Coupons	15 years	8.21	8.22	9.02	9.11	20/1	8.20	8/7
9	(11%-)	20 years	8.25	8.26	8.95	9.20	20/1	8.24	8/7
10	Irredeemables (Flat Yield)		8.18	8.18	8.90	9.05	20/1	8.15	8/7
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	2.03	2.03	3.92	3.03	28/5	1.82	12/2
12	Inflation rate 5%	Over 5 yrs.	3.51	3.51	4.29	[illegible]	14/1	3.36	18/3
13	Inflation rate 10%	Up to 5 yrs.	2.21	2.18	3.12	3.31	17/6	0.82	12/2
14	Inflation rate 10%	Over 5 yrs.	3.33	3.34	4.09	3.72	14/1	3.16	16/3
15	Debs &	5 years	7.98	8.00	10.35	8.97	4/1	8.41	19/3
16	Loans	15 years	8.82	8.83	10.16	9.94	19/1	8.14	10/3
17		25 years	9.08	9.11	10.05	10.10	19/1	9.36	10/3

Hoechst, Schering to merge units

By Christopher Parkes in Frankfurt

HOECHST and Schering, two of Germany's leading chemicals groups, are to merge their plant protection divisions in a joint venture with annual sales of about DM3.4bn ($2.1bn), the companies announced yesterday.

According to a letter of intent, Hoechst will hold a controlling 60 per cent stake. If there are no objections from the cartel authorities, the Berlin-based business should start operating at the beginning of 1994.

The move, an important further step in the consolidation of the international chemicals industry, has been forced by the combined effects of recession and reforms of the common agricultural policy (Cap).

The Hoechst division, employing 5,350 people, had sales of DM2.1bn last year, about 5 per cent of the group's total. At Schering, 3,900 are employed in plant protection, which had sales of DM1.3bn accounting for 20 per cent of group turnover.

While some factories are expected to close and jobs will be lost, neither company could give any details.

The full impact would not be known until the form of the business had been decided during further negotiations, Hoechst said.

Schering relies on the European market for 70 per cent of its sales, which plummeted 22 per cent in the first quarter. German trade was hit by the withdrawal of traditional rebates on early orders, while Cap reforms were blamed for an 18 per cent year-on-year drop in volumes.

With pesticides, weed killers and fungus treatments off its hands, the company will focus on its core business in pharmaceuticals.

Schering has about 18 per cent of the world market for contraceptive drugs and claims global leadership in contrast fluids – diagnostic aids used for X-rays and scanning.

The Hoechst business, partly because of its size and its lesser dependence on the European market, has proved more resilient to recent shocks. It makes 30 per cent of its sales in the US, where profits have helped offset operating losses in Europe, which accounts for half the division's turnover.

The merger strengthens Hoechst's position in herbicides, which account for more than 60 per cent of its agrochemicals sales, and more than 40 per cent of Schering's turnover in this sector.

In spite of the impact of Cap set-aside schemes on arable crops, the herbicides market, accounting for 40 per cent of EC agrochemicals sales, is considered reasonably robust. Even so, analysts reckon that the total European market for agrochemicals will shrink by up to 20 per cent over the next three years.

Hoechst said yesterday that companies competing in the sector needed critical mass and resources in order to develop and produce a continuous stream of profitable new products.

The agrochemicals business of Roussel Uclaf, France's third largest pharmaceuticals group in which Hoechst holds a 54.5 per cent stake, is set to be merged with the joint venture.

Mr Edouard Sakiz, Roussel's president, said last week his agrochemicals operations were not large enough to survive on their own and that if the German groups' agrochemicals merger was achieved, then much of the French company's operations would be added to the venture.

The division had sales last year of FFr3.44bn ($637.6m), representing about 23 per cent of group turnover.

The French tranche of the public share offer for Franco-German pharmaceutical group Roussel-Uclaf was largely oversubscribed, the Paris bourse said. The offer closed on Thursday and Roussel-Uclaf shares will resume trading Monday, AP-DJ reports.

The bourse said buyers would get 44.57 per cent of their orders. After the "clawback" of 584,791 shares from the international tranche, 4,483,398 shares were sold in Paris at FFr563 a share, compared with requests for 10,057,407 shares.

The shares had belonged to Rhône-Poulenc, the French state-controlled chemicals and drug group, and represented 35 per cent of Roussel-Uclaf's capital

BCH rises 34.8% to Pta98.5bn in first half

By Tom Burns in Madrid

BANCO Central Hispano (BCH), Spain's largest bank in terms of assets, yesterday reported sharply improved first-half results, raising its operating profit by 34.8 per cent to Pta98.5bn ($794m).

Mr Jose Maria Amusategui, chairman, said BCH had overcome the difficulties of the 1991 merger between its constituent parts, Banco Central and Banco Hispanoamericano, and was on the road to sustained profitability.

The bank, which saw its 1992 profits fall by 22 per cent to Pta52.6bn after negative results in the second half of last year, posted net profits of Pta38.4bn in the first six months of this year, 4 per cent up on the first half of 1992.

The bottom-line profit came after putting aside Pta38.1bn for provisions, 84 per cent more than at the six-month stage last year.

Mr Amusategui, who took over the reins of the bank late last year and has since reshuffled its senior management, said BCH would this year easily improve on 1992's net income.

Mr Amusategui said that on the advice of Merrill Lynch, the US investment bank, BCH intended to place 2m shares, representing just under 1 per cent of its share capital, on the international markets.

The offering, worth Pta6.9bn at Madrid market prices involves shares held by Dragados, the BCH-controlled construction company.

The decision to offer bank shares follows a series of favourable reports by financial houses, including Merrill Lynch, on a prospective turnround at BCH. Mr Amusategui said it was useful for the bank to present itself on the international markets.

IBM chairman rules out restructure in near future

By Louise Kehoe in San Francisco

Mr Lou Gerstner, International Business Machines' new chairman and chief executive, has told senior managers he does not intend to restructure the company in the near future.

However, his new management approach could raise questions about some aspects of the reshaping of IBM UK.

As he comes to grips with the problem of reversing IBM's decline, Mr Gerstner has rejected calls from some IBM managers and many industry analysts for a radical overhaul of the company's management structure.

"I do not want the company focusing on internal changes in the next 12 to 18 months, but rather on customers, marketplaces and competitors," Mr Gerstner said in a memorandum sent to senior managers last week.

"It is not clear to me that there is a demonstrably better alternative [to the current structure], that eliminates the need for sophisticated management approaches," he said.

While continuing with the changes set in motion by Mr John Akers, his predecessor, to give IBM's product manufacturing and regional sales and marketing groups greater responsibility for their financial performance, Mr Gerstner has balked at the idea of cutting ties with central management.

The "federation of increasingly autonomous business units" envisioned by Mr Akers is a thing of the past. "Autonomous is the word that drives me crazy," Mr Gerstner has said in management meetings.

Lou Gerstner: 'Autonomous is the word that drives me crazy'

Instead, he has set about improving efficiency and responsiveness to customers within IBM's structure.

Mr Gerstner, in addressing the company's most contentious internal problem, has called for a clear delineation of responsibilities between the company's national or regional sales and marketing organisations versus its product manufacturing groups.

The product groups – called lines of business in IBM jargon – are to be given increased responsibility for sales and marketing.

"Lobs should have dedicated sales resources in each geography," Mr Gerstner said. "The Lob should be heavily involved in determining the size, skill, training and compensation of these dedicated resources."

This represents a significant shift of power and responsibilities away from IBM's country and regional managers. IBM's product groups, most of which have headquarters in the US, will have increased influence over international sales and marketing operations.

Mr Gerstner's directive could raise questions about IBM UK's recently announced plans to divide its operations into 30 separate businesses.

The IBM UK plan now appears to be a regional implementation of Mr Akers' strategy, rather than a reflection of Mr Gerstner's current thinking.

Indeed, the potential for conflict among IBM UK's newly formed business units is what Mr Gerstner is attempting to eliminate.

Under the IBM UK reorganisation plan, a mainframe computer sale to a bank could be made by the banking business sales and marketing unit, or by a sales team dedicated to the Enterprise Systems (mainframe) product group.

"Duplication and complication should be avoided," Mr Gerstner said in his memo to top managers. "It is my expectation that we will complete all of this [the company-wide strategy] within the next 90 days."

Wallenbergs sell stake in Christies

By Christopher Brown-Humes in Stockholm

INVESTOR, the Wallenberg family's main holding company, has sold its 7.5 per cent stake in Christies International, the UK auction house, in a further consolidation of its shareholding portfolio.

Terms of the deal have not been disclosed, but at Wednesday's closing price of 191p, the disposal of 11.9m shares is worth £22.7m ($34.9m).

The shares were bought by Goldman Sachs which has placed most of them with institutional investors.

Investor said the move had been made to cut debt and concentrate activities on Saab-Scania, the aerospace and automotive group, and other core shareholdings.

Last month, the group raised SKr3bn ($416.7m) through the sale of its shareholding in Asea, the joint owner of the Asea Brown Boveri combine, as part of this strategy.

Investor built up its stake in Christies during 1989 and 1990 at a time when the UK group's share price was much higher than it is today.

The stake formed part of Investor's trading portfolio and never ranked alongside its holdings in many of Sweden's blue chip companies as a strategic investment.

Agusta losses widen to L858bn

By Haig Simonian in Milan

AGUSTA, the Italian helicopters group which is part of the Efim state holding company in liquidation, saw losses increase sharply to L858bn ($579m) last year, up from L182bn in 1991.

It lost almost one lira for every lira received in sales which amounted to L937bn, up 39 per cent on 1991.

Agusta's losses lend weight to the view that it represents the most serious of Efim's problems.

The company is being run by Finmeccanica, the state-controlled engineering and aerospace concern, pending a final decision on its fate.

Agusta, which collaborates with Westland of the UK on the EH101 helicopter project, said its order book was worth L4,800bn.

Gross operating profits were L41bn last year. However, earnings had been affected by heavy debts, high interest rates and currency movements.

Agusta's net indebtedness amounted to about L280bn last year.

The company lost about L180bn because of currency factors linked to the fall in the lira's value. About L50bn was written off to cover early retirements, with the workforce falling by more than 1,500 people to 6,826, while other unspecified losses amounted to L260bn.

● Merloni, the Italian white goods group best known for its Ariston brand, has taken majority control of two Turkish white goods producers owned by the Vestel group.

The acquisition follows the purchase in June 1992 of an opening 25 per cent stake in the companies, along with options to buy at least 26 per cent more within two years.

Merloni is paying $8.5m for a further 29 per cent of Pekel Teknik and Pekel Pazarlama and is investing $14m in a Pekel Teknik rights issue.

Unauthorised deals at Nippon Steel

By Robert Thomson in Tokyo

NIPPON Steel Chemical, a listed chemicals subsidiary of Nippon Steel, the largest Japanese steel maker, has foreign exchange losses of Y13.9bn ($130m) on unauthorised trades made by an accounting division chief attempting to lift the company's investment income.

The losses were uncovered after the death of the division chief in late May. The company said there were no suspicious circumstances, but, on checking his books, found he had lost Y13.9bn in playing dollar future markets.

It is common for Japanese manufacturing companies to supplement their core profits with zaitech, sometimes speculative financial investments, which have left otherwise conservative companies with large losses following the stock market collapse and currency market volatility.

Nippon Steel Chemical has a regulation that foreign currency investments of more than Y100m need board approval, but the division chief apparently had invested the equivalent of Y47.3bn in contracts now worth Y33.4bn.

Mr Enji Moriguchi, the company's chairman, has offered to resign after preparations were made to deal with the loss, which is expected to be written off over the next two years and covered by the sale of shares and other assets.

"We are now studying ways to strengthen our management system and control financial investments," the company said. Nippon Steel Chemical, based in Tokyo, produces carbon materials, chemicals and construction supplies.

Nippon Steel said the subsidiary had an independent management which must take responsibility.

Investors rush for Woolworths

By Bruce Jacques in Sydney

THE A$2.45bn (US$1.6bn) flotation of Woolworths, the Australian retailer, due to be listed on Monday, has been heavily oversubscribed, perhaps by a factor of four or five.

The rush of investor interest is likely to present the vendors, Industrial Equity (IEL), with problems in allocating shares between public and institutional investors.

Analysts said IEL may reduce allocations.

Compaq to make PCs in China

By Louise Kehoe

COMPAQ Computer, the US personal computer company, plans to set up a production operation in China, with Shenzhen-based Beijing Stone, a PC manufacturer and distributor.

Under the 11-year agreement, the joint venture will manufacture PCs for sale in China and other parts of the world. The venture will lease and manage an existing 40,000 sq ft Stone facility which will house printed circuit-board and final-product assembly manufacturing lines. Compaq and Stone expect to hire about 200 employees over the next year and production is expected to begin this December.

"The Chinese marketplace represents a tremendous opportunity for Compaq," said Mr Eckhard Pfeiffer, Compaq president and chief executive.

Compaq entered China on a limited basis in 1984, becoming fully active in the market in 1990. It held 18.5 per cent of the market in China, in value terms, and 16.3 per cent in unit shipments in 1992, according to International Data Corp.

Last November, Compaq announced the establishment of the Tsinghua University Training Centre in Beijing, offering instruction in computer hardware and software. This was a $1m investment with ComputerLand China and Eekon Computer Systems, PC distributors.

Oce slide continues in second term

By Ronald van de Krol in Amsterdam

OCE-VAN der Grinten, the Dutch photocopier and office equipment maker, saw net profit fall by 47 per cent in the second quarter of 1992-93, virtually matching the 49 per cent decline posted in the first quarter of the year.

Net profit in the second quarter ended May 31 was Fl 15.9m ($8.4m), just over half the Fl 30.1m posted in the same quarter of 1991-92.

This took first-half net profit to Fl 26.7m, against Fl 51.0m a year earlier.

Oce-van der Grinten blamed the downturn on lower margins caused by a drop in sales in Europe and the appreciation of the Dutch guilder. However, US sales and results improved in the second quarter, the company said.

Overall second-quarter sales declined by 8 per cent to Fl 642m while operating profit including interest income from financial leases fell by 28 per cent to Fl 42.1m.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	$392.75	+2.75	$348.45	$395.45	$326.05
Silver Per troy oz	338.35p	+10.35	204.89p	343.35p	236.00p
Aluminium 99.7% (cash)	$1221.50	-18.5	$1288	$1240.00	$1108.00
Copper Grade A (cash)	$1974.00†	+50.5	£1294.5	$2375.50	$1733.50
Lead(cash)	$399.00†	+10.75	£316.5	$460.00	$376.50
Nickel (cash)	$5225	-122.5	$7530	$6340	$5158
Zinc SHG (cash)	$961.5	+35	$1302	$1112	$914.5
Tin (cash)	$5097.5	+7.5	$7062.5	$6047.5	$4960.0
Cocoa Futures (Sep)	£764	+17	£614	£764	£663
Coffee Futures (Sep)	$981	+53	$776	$985	$836
Sugar (LDP Raw)	$273.3	+4.8	$256.0	$317.4	$204.6
Barley Futures (Nov)	£106.75	+0.35	£114.85	£110.30	£105.30
Wheat Futures (Nov)	£109.30	+2	£110.05	£149.45	£107.30
Cotton Outlook A Index	57.05c	+0.4	65.50c	62.35c	54.75c
Wool (64s Super)	352p	-5	377p	403p	340p
Oil (Brent Blend)	$16.51x	-0.27	$20.175x	$19.53	$16.51

Per tonne unless otherwise stated. p-pence/kg. c-cents lb. x-Aug.

COCOA – LCE	Close	Previous	High/Low	£/tonne
Jul	754	740	756	736
Sep	764	747	764	744
Dec	767	753	772	749
Mar	776	766	784	762
May	786	777	790	773
Jul	796	787	802	785
Sep	804	797	814	796
Dec	818	812	823	811
Mar	828	827	832	827
May	839	837	[illegible]	[illegible]

Turnover: 11120 (13317) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 9 757.10 (756.93) 10 day average for Jul 9 738.09 (736.35)

COFFEE – LCE	Close	Previous	High/Low	$/tonne
Jul	953	943	960	954
Sep	981	972	987	978
Nov	989	978	991	980
Jan	988	976	991	984
Mar	987	978	987	984
May	988	982	992	990

Turnover: 3581 (2978) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jul 8 Comp. daily 59.69 (58.78) 15 day average 58.09 (55.72)

POTATOES – LCE	Close	Previous	High/Low	£/tonne
Apr	94.3	95.1	94.5	94.0
May	103.3	-	103.3	102.0

Turnover 74 (109) lots of 20 tonnes.

SOYAMEAL – LCE	Close	Previous	High/Low £/tonne
Dec	-	173.00	

Turnover 0 (25) lots of 20 tonnes.

FREIGHT – LCE	Close	Previous	High/Low	$10/index point
Jul	1273	1268	1275	1265
Aug	1263	1240	1263	1240
Sep	1288	1263	1290	1260
Oct	1330	1305	1330	1305
BFI	1385	1363		

Turnover 189 (312)

GRAINS – LCE				£/tonne
Wheat	Close	Previous	High/Low	
Sep	107.50	-	107.60	106.50
Nov	109.30	108.85	109.30	108.10
Jan	111.60	110.80	111.50	110.80
May	116.10	115.10	116.10	
Barley	Close	Previous	High/Low	
Sep	104.50	104.30	104.60	
Nov	107.55	106.85	107.55	
Jan	109.80	109.15	109.80	

Turnover: Wheat 126 (280), Barley 57 (48).
Turnover lots of 100 Tonnes.

PIGS – LCE	Close	Previous	High/Low	(Cash Settlement) p/kg
Oct	105.4	105.5	105.4	
Nov	105.5	105.5	105.5	

Turnover:9 (30)lots of 3,250 kg

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Aug)		+ or -
Dubai	$14.24-4.28	-0.11
Brent Blend (dated)	$16.42-6.44	-.115
Brent Blend (Aug)	$16.50-6.52	-.085
W.T.I (1 pm est)	$17.66-7.68	-0.03
Oil products		
(NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$197-199	
Gas Oil	$159-160	-2
Heavy Fuel Oil	$60-62	
Naphtha	$169-171	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$392.75	-2.7
Silver (per troy oz)♣	503.5c	-8
Platinum (per troy oz)	$408.00	
Palladium (per troy oz)	$139.00	
Copper (US Producer)	91.50c	-0.5
Lead (US Producer)	34.83c	
Tin (Kuala Lumpur market)	12.85m	+0.13
Tin (New York)	235.5c	
Zinc (US Prime Western)	62.00c	
Cattle (live weight)†	136.29	+0.28*
Sheep (live weight)†♠	103.53p	-2.33*
Pigs (live weight)†	79.56p	-3.15*
London daily sugar (raw)	$273.30	-2.4
London daily sugar (white)	$276.50	+0.5
Tate and Lyle export price	£296.00	
Barley (English feed)	£109.0t	+1
Maize (US No. 3 yellow)	£168.5	
Wheat (US Dark Northern)	£147.0u	
Rubber (Aug)♥	59.00p	+0.5
Rubber (Sep)♥	59.50p	+0.5
Rubber (KL RSS No 1 Jul)	207.5m	
Coconut oil (Philippines)§	$465.0v	+10
Palm Oil (Malaysian)§	$372.5t	+5
Copra (Philippines)§	$292.5u	+5
Soyabeans (US)	£210.0y	-1
Cotton "A" Index	57.05c	
Wooltops (64s Super)	352p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul/Aug. z-Aug.v-Sep/Oct u-Jul t-Oct/Dec x-Aug/Oct ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – LCE			($ per tonne)	
White	Latest	Previous	High/Low	
Aug	273.00	275.90	276.10	272.80
Oct	270.20	272.00	272.50	268.10
Dec	270.50	272.00	270.50	
Mar	270.00	272.70	270.00	269.50

White 1603 (1624) Paris- White (FFr per tonne): Aug 1597.80 Oct 1569.86

CRUDE OIL – IPE	Latest	Previous	High/Low	$/barrel
Aug	16.58	16.67	16.77	16.52
Sep	16.69	16.76	[illegible]	[illegible]
Oct	16.92	16.93	17.10	16.91
Nov	17.12	17.17	17.27	17.12
Dec	17.37	17.35	17.48	17.37
Jan	17.46	17.42	17.60	17.45
Feb	17.59	17.65	17.59	17.50
Mar	17.68	17.68	17.76	17.65
Apr	17.75	17.70	17.75	
IPE Index	16.64	16.84		

Turnover 27489 (41711)

GAS OIL – IPE	Close	Previous	High/Low	$/tonne
Jul	158.50	159.50	160.25	158.25
Aug	158.25	159.00	160.00	158.25
Sep	159.75	160.50	161.50	159.75
Oct	162.75	163.50	164.50	162.75
Nov	165.00	165.50	166.25	164.75
Dec	167.00	167.75	168.25	167.25
Jan	168.50	168.75	169.25	168.25
Feb	168.25	168.50	169.00	168.00

Turnover 22531 (21398) lots of 100 tonnes

SPICES

The white pepper market continued firm with producers reluctant to sell and demand stronger in Europe and the US reports Man Producten. In the European market: white: muntok f.a.q. spot was trading at US$2,000 a tonne with Jul/Aug at $1,975 and Aug/Sep at $2,000. In the black pepper market Sarawak black label spot was unquoted but Jul/Aug was offered at $1,200 a tonne. Sarawak yellow label spot was unquoted with Jul/Aug at $1,250. Sarawak brown label was at $1,375 for Jul/Aug. Brazil grade 1 spot was at $1,225 a tonne and Jul/Aug at $1,150. Indian MG-1 spot was at $1,250 a tonne and Jul/Aug at $1,140.

LONDON METAL EXCHANGE	Close	Previous	High/Low	AM Official	Kerb close	Open interest
(Prices supplied by Amalgamated Metal Trading)						
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 28,217 lots
Cash	1221-2	1226.5-7.5	1222.5/1222	1222.5-3.0		
3 months	1244-5	1250-1	1248/1240	1245-6	1239-40	229,820 lots
Copper, Grade A ($ per tonne)						Total daily turnover 75,741 lots
Cash	1973-5	1987-9	1978.5/1977	1978.5-9.0	1994-5	
3 months	1983-4	1997-8	2020/1958	1987-7.5	1996-7	242,608 lots
Lead ($ per tonne)						Total daily turnover 2,843 lots
Cash	398.5-9.5	385-6	388.5	388.5-9.0		
3 months	412-3	399-400	415/400	402-2.5	411-2	23,638 lots
Nickel ($ per tonne)						Total daily turnover 7,258 lots
Cash	5220-30	5200-10		5218-23		
3 months	5275-80	5260-5	5280/5256	5270-2	5260-70	50,266 lots
Tin ($ per tonne)						Total daily turnover 2,255 lots
Cash	5085-100	5055-65	5080	5075-80		
3 months	5160-80	5110-20	5150/5100	5130-5	5140-60	10,448 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 18,877 lots
Cash	961-2	926-7		940-1		
3 months	972-3	943-4	974/960	955-5.5	973-4	73,572 lots

LME Closing £/$ rate:
SPOT: 1.4812 | 3 months: 1.4715 | 6 months: 1.4630 | 9 months: 1.4550

Copper and lead prices are now expressed in dollars per tonne

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	392.50-393.00	
Opening	393.50-393.90	
Morning fix	393.40	262.088
Afternoon fix	393.10	265.686
Day's high	393.60-394.00	
Day's low	388.75-389.25	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.49	6 months	2.56
2 months	2.51	12 months	2.58
3 months	2.51		

Silver fix	p/troy oz	US cts equiv
Spot	338.35	499.00
3 months	341.20	502.70
6 months	345.80	508.65
12 months	354.80	515.70

GOLD COINS

	$ price	£ equivalent
Krugerrand	393.00-396.00	263.00-265.00
Maple leaf	403.45-406.00	-
New Sovereign	93.00-96.00	62.00-64.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Nov	Sep	Nov
1225	41	64	27	35
1250	28	50	39	47
1275	19	39	55	60
Copper (Grade A)	Calls		Puts	
1900	107	122	45	66
1950	79	95	66	89
2000	58	74	93	116
Coffee	Sep	Nov	Sep	Nov
850	134	152	3	13
900	92	115	11	26
950	57	83	28	44
Cocoa	Sep	Dec	Sep	Dec
725	38	54	18	33
750	24	41	29	45
775	15	32	45	61
Brent Crude	Aug	Sep	Aug	Sep
1700	5	42	46	60
1750	1	20		96
1800		8		

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Jul	391.8	394.9	0	0
Aug	392.3	395.8	394.7	390.6
Sep	393.3	396.8	394.5	393.5
Oct	394.4	397.7	397.4	393.0
Dec	396.4	399.7	398.8	395.0
Feb	398.1	401.4	400.3	397.3
Apr	399.8	403.1	403.3	398.4
Jun	401.6	404.8	402.5	400.3
Aug	403.4	406.6	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jul	404.0	407.3	408.0	404.0
Oct	406.1	409.4	408.8	404.1
Jan	406.6	409.9	409.5	406.0
Apr	407.1	410.4	407.5	406.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Jul	500.3	505.1	503.0	497.0
Aug	501.5	506.3	0	0
Sep	502.8	507.8	506.0	499.0
Dec	508.1	513.2	513.6	504.5
Jan	508.7	513.8	512.0	512.0
Mar	513.1	518.2	519.0	509.0
May	517.0	522.1	518.0	514.0
Jul	520.5	525.6	522.0	520.0
Sep	524.3	529.4	524.0	524.0
Dec	530.0	535.1	533.5	522.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	87.20	90.00	89.45	86.70
Aug	87.55	89.30	87.60	86.80
Sep	87.90	89.65	90.00	86.10
Oct	88.15	89.70	89.25	87.40
Nov	88.20	89.70	87.50	87.50
Dec	88.40	89.70	90.00	86.50
Jan	88.35	89.70	88.00	87.20
Feb	88.60	89.75	88.90	89.90
Mar	88.65	89.80	90.00	87.20
Apr	88.75	89.80	89.20	89.20

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Aug	17.65	17.79	17.98	17.60
Sep	17.94	18.06	18.23	17.91
Oct	18.22	18.30	18.47	18.18
Nov	18.44	18.52	18.64	18.41
Dec	18.64	18.72	18.87	18.62
Jan	18.89	18.92	19.05	18.87
Feb	18.98	19.04	19.19	19.02
Mar	19.20	19.14	19.25	19.14
Apr	19.30	19.22	19.24	19.24
May	19.32	19.30	19.41	19.32

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Aug	49.70	49.83	51.00	49.55
Sep	50.75	50.83	51.38	50.66
Oct	51.96	51.96	52.45	51.88
Nov	53.15	53.13	53.80	53.05
Dec	54.30	54.28	54.80	54.20
Jan	55.25	55.18	55.80	55.15
Feb	55.70	55.43	56.10	55.60
Mar	55.00	54.63	55.50	55.00
Apr	54.25	53.88	54.50	54.00
May	53.30	52.83	53.70	53.50

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Jul	962	934	[illegible]	960
Sep	981	963	998	960
Dec	1007	989	1020	986
Mar	1029	1014	1039	1012
May	1050	1035	0	0
Jul	1072	1057	0	0
Sep	1093	1078	1089	1070
Dec	1119	1104	1109	1092
Mar	1140	1125	1115	1112
May	1158	1143	1152	1149

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Jul	69.80	68.90	70.25	69.60
Sep	70.20	70.35	71.90	70.05
Dec	72.30	72.50	74.10	72.20
Mar	74.50	74.90	76.30	74.80
May	76.10	76.10	78.00	77.10
Jul	77.70	77.70	79.50	78.50
Sep	79.30	79.30	0	0
Dec	81.55	82.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	10.25	10.55	10.52	10.16
Mar	10.30	10.46	10.41	10.23
May	10.32	10.43	10.40	10.24
Jul	10.17	10.30	10.27	10.17
Oct	10.11	10.20	10.20	10.11

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Oct	59.22	57.35	59.35	57.60
Dec	59.98	57.98	59.98	58.30
Mar	60.95	58.95	60.95	59.35
May	61.63	59.63	61.63	60.00
Jul	62.13	60.13	62.13	60.80
Oct	61.70	60.05	0	0
Dec	61.80	60.65	61.70	60.80

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	120.60	122.85	123.40	120.50
Sep	122.85	125.80	126.50	122.50
Nov	125.50	127.70	128.60	125.40
Jan	127.00	129.00	129.70	127.00
Mar	128.75	130.55	131.20	128.75
May	130.95	132.45	132.50	132.50
Jul	131.45	132.90	0	0
Sep	129.95	131.95	0	0
Nov	128.95	131.95	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Jul 9	Jul 8	mnth ago	yr ago
1708.4	1702.1	1652.8	1553.7

DOW JONES (Base: Dec. 31 1974 = 100)	Jul 8	Jul 7	mnth ago	yr ago
Spot	120.17	125.49	120.39	119.87
Futures	121.00	127.22	120.45	120.39

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jul	710/0	700/6	739/0	709/0
Aug	709/4	703/4	733/0	709/0
Sep	713/6	705/6	737/0	711/4
Nov	717/0	709/0	745/0	715/0
Jan	719/4	710/4	743/0	719/0
Mar	719/4	714/4	740/0	719/0
May	719/4	714/4	738/0	719/0
Jul	720/4	714/0	740/0	719/0
Aug	705/0	700/4	723/0	705/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	24.80	24.75	25.50	24.61
Aug	24.77	24.73	26.70	24.55
Sep	24.92	24.83	25.75	24.80
Oct	25.07	24.93	25.90	24.95
Dec	25.30	25.20	26.20	25.05
Jan	25.30	25.20	25.95	25.20
Mar	25.35	25.20	26.10	25.25
May	25.35	25.20	26.00	25.25
Jul	25.35	25.18	25.95	25.25
Aug	25.35	25.20	0	0

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jul	221.3	220.9	233.0	221.9
Aug	220.7	220.5	235.5	220.5
Sep	220.5	221.2	231.0	220.0
Oct	220.8	221.0	232.0	220.0
Dec	222.3	222.3	232.0	221.8
Jan	221.5	221.0	231.0	221.0
Mar	222.2	220.3	231.0	221.5
May	223.5	219.0	229.0	221.0
Jul	221.5	215.5	227.0	220.0
Aug	221.0	213.5	225.0	221.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Jul	234/4	235/4	242/0	233/4
Sep	241/4	242/6	250/0	239/4
Dec	251/0	252/6	261/0	248/0
Mar	258/2	259/0	268/4	256/0
May	260/4	262/6	270/4	260/0
Jul	260/4	263/2	270/0	260/4
Sep	249/4	253/0	258/0	249/4
Dec	248/2	249/4	255/0	248/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Jul	298/2	302/2	308/0	295/4
Sep	298/6	303/6	310/0	298/0
Dec	309/6	314/4	320/6	309/0
Mar	314/4	320/6	325/0	314/0
May	311/0	320/0	324/0	311/0
Jul	307/2	310/4	314/4	305/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Aug	74.500	75.275	75.100	74.425
Oct	75.025	75.625	75.500	74.875
Dec	76.275	76.525	76.575	76.200
Feb	75.800	76.125	76.100	75.800
Apr	76.925	77.200	77.175	76.900
Jun	73.750	73.950	74.050	73.700
Aug	72.700	72.900	72.800	72.700

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Jul	48.025	48.525	48.400	47.750
Aug	47.225	47.500	47.475	46.650
Oct	43.550	43.725	43.800	42.850
Dec	44.300	44.550	44.550	43.800
Feb	44.375	44.750	44.800	44.300
Apr	43.300	43.600	43.600	43.100
Jun	48.650	49.075	49.150	48.625
Jul	48.550	48.850	0	48.300

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	39.200	37.450	39.450	36.050
Aug	37.050	36.300	38.150	34.300
Feb	46.850	46.050	47.600	44.050
Mar	46.150	45.300	46.700	43.800
May	47.000	47.000	0	46.000
Jul	46.500	44.850	45.500	46.000
Aug	46.500	46.000	46.500	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Intervention fails the franc

THE French franc again came under strong pressure inside the European exchange rate mechanism yesterday, forcing the Bank of France to support the currency through repeated intervention, *writes James Blitz*.

In early morning trading in Europe, the franc fell through the FFr3.40 level, a little more than 3 centimes above its ERM floor against the D-Mark of FFr3.4330. It later closed at FFr3.399 from a previous FFr3.395.

Yesterday's intervention by the French central bank was covert, and dealers were uncertain as to its size. One London-based analyst suggested that the French authorities had spent around $10bn supporting the currency in recent days, which would constitute a sizeable chunk of reserves.

But others dubbed this an exaggeration. Given the state of the recession in France, the authorities would find it hard to defend the currency by raising interest rates, and may have held back their reserves for another day.

There were differences of opinion over what kind of selling of francs was taking place. A commonly held view was that much of the selling was coming from French companies rather than international players, such as the US hedge funds.

Others suspected that the selling was short-term and speculative. Mr Jeremy Hawkins, economic adviser at Bank of America, said it was hard to take the flight out of francs and into D-Marks seriously, given the German currency's significant overvaluation in Europe. "This buying of D-Marks somehow seems artificial," he said.

There was little doubt that the franc would come under more pressure next week unless the Bundesbank eased pressure on the franc by easing monetary policy. One London-based analyst said that a cut in the Lombard rate at next week's Bundesbank council meeting could pacify the markets. Others said that another salami-sized cut in interest rates from the Bundesbank would be ignored by the markets.

The pressure on the franc was at the centre of another flight into the German currency and assets which pushed down the Italian lira, the Spanish peseta and the Swedish krona. A notable victim yesterday was the Danish krone, which fell from DKr3.8550 early in London trading to close at around DKr3.8650.

The dollar rallied sharply against the D-Mark, helped by expectations that the Bundesbank would ease policy and next week and the "safe haven" status it enjoys at times of crisis. The US currency closed more than 1½ pfennigs higher at DM1.7210.

£ IN NEW YORK

Jul 9	Latest	Previous Close
£ Spot	1.4805-1.4815	1.4955 1.4965
1 month	0.37-0.36pm	0.37 0.36pm
3 months	1.01-0.99pm	1.01 0.99pm
12 months	3.05-2.95pm	3.05 2.98pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jul 9	Previous
8.30 am	80.8	80.7
9.00 am	80.9	80.6
10.00 am	80.8	80.6
11.00 am	80.7	80.7
Noon	80.7	80.8
1.00 pm	80.7	80.8
2.00 pm	80.7	80.8
3.00 pm	80.7	80.9
4.00 pm	80.6	80.8

CURRENCY RATES

Jul 9	Bank rate %	Special* Drawing Rights	European† Currency Unit
Sterling	-	0.930414	0.766721
U.S Dollar	3.00	1.39162	1.13628
Canadian $	4.73	1.78127	1.45458
Austrian Sch	6.25	16.6605	13.7501
Belgian Franc	6.00	48.7798	40.2414
Danish Krone	7.25	9.12485	7.54434
D-Mark	6.75	2.36461	1.95336
Dutch Guilder	6.00	2.65523	2.19609
French Franc	10	8.04774	6.64440
Italian Lira	10.00	2172.29	1797.42
Japanese Yen	2.50	148.908	123.627
Norway Krone	-	10.0600	8.30678
Spanish Peseta	-	181.467	149.619
Swedish Krona	11.50	10.9945	9.08365
Swiss Franc	4.50	2.10136	1.73851
Greek Drach	19	N/A	266.833
Irish Punt	-	N/A	0.808159

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Jul 8

CURRENCY MOVEMENTS

Jul 9	Bank of England Index	Morgan** Guaranty Changes %
Sterling	80.6	-28.77
U.S Dollar	66.4	-11.9
Canadian Dollar	94.7	-8.07
Austrian Schilling	113.1	+15.27
Belgian Franc	113.9	+0.98
Danish Krone	115.6	+10.47
D-Mark	121.9	+29.71
Swiss Franc	111.0	+20.33
Dutch Guilder	117.4	+19.61
French Franc	107.1	-5.70
Lira	81.3	-33.39
Yen	176.1	+119.16
Peseta	90.1	-31.12

Morgan Guaranty changes: average 1980-1982=100. Bank of England (Base Average 1985=100) **Rates are for Jul 8

OTHER CURRENCIES

Jul 9	£	$
Argentina	1.4775 - 1.4790	0.9985 - 0.9995
Australia	2.1605 - 2.1625	1.4605 - 1.4615
Brazil	87555.3 - 87558.6	59179.0 - 59180.0
Finland	8.5070 - 8.5575	5.7425 - 5.7625
Greece	345.230 - 352.200	231.180 - 235.840
Hong Kong	11.4605 - 11.4760	7.7580 - 7.7590
Iran	2423.00 - 2429.00	1610.00 - 1612.00
Korea(Sth)	1194.95 - 1214.25	801.20 - 807.60
Kuwait	0.44600 - 0.44700	0.30150 - 0.30300
Luxembourg	52.55 - 52.68	35.45 - 35.55
Malaysia	3.8034 - 3.8140	2.5735 - 2.5745
Mexico	[illegible]	[illegible]
N Zealand	[illegible]	[illegible]
Saudi Ar.	[illegible]	[illegible]
Singapore	[illegible]	[illegible]
S Af (Cm)	[illegible]	[illegible]
S Af (Fn)	[illegible]	[illegible]
Taiwan	[illegible]	[illegible]
U.A.E.	[illegible]	[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Fr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 9	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	192.854	186.680	-3.20	4.98	54
Spanish Peseta	154.250	149.619	-2.87	4.62	50
Irish Punt	0.808628	0.808159	-0.31	1.93	39
Dutch Guilder	2.19672	2.19609	-0.03	1.64	19
Belgian Franc	40.2123	40.2414	0.07	1.54	13
D-Mark	1.94964	1.95336	0.19	1.42	10
Danish Krone	7.43679	7.54434	1.45	0.17	-80
French Franc	6.53883	6.64440	1.61	0.00	-71

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jul 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4765 - 1.4990	1.4810 - 1.4820	0.38-0.36cpm	3.00	1.03-1.00pm	2.74
Canada	1.8865 - 1.9205	1.8940 - 1.8950	0.31-0.25cpm	1.77	0.95-0.70pm	1.74
Netherlands	[illegible]	2.8625 - 2.8725	⅛-¼cdis	-0.78	⅜-⅝dis	-0.70
Belgium	52.35 - 52.90	52.55 - 52.68	3-9cdis	-1.37	8-15dis	-0.90
Denmark	[illegible]	9.8425 - 9.8525	2¾-3⅝oredis	-3.90	6⅞-7¼dis	-2.87
Ireland	1.0465 - 1.0545	1.0535 - 1.0545	0.06-0.10cdis	-0.91	0.17-0.23dis	-0.76
Germany	2.5430 - 2.5525	2.5475 - 2.5525	¼-⅜pfdis	-1.47	¾-1dis	-1.37
Portugal	242.20 - 244.50	243.50 - 244.50	80-99cdis	-4.40	286-351dis	-4.98
Spain	194.80 - 196.40	195.20 - 195.50	80-95cdis	-6.30	225-275dis	-5.12
Italy	2333.50 - 2354.00	2338.75 - 2339.75	6-10liredis	-4.10	18-21dis	-3.33
Norway	[illegible]	10.8350 - 10.8450	par-1⅛oredis	-0.62	½-1¼dis	-0.32
France	8.6360 - 8.6760	8.6625 - 8.6725	1⅛-1¼cdis	-2.08	3⅛-3⅞dis	-1.64
Sweden	11.7650 - 11.8470	11.8200 - 11.8300	2⅝-3⅝oredis	-2.92	6⅞-7¼dis	-2.39
Japan	160.75 - 163.00	162.00 - 163.00	½-⅜ypm	3.23	1⅛-1pm	2.62
Austria	17.82 - 17.97	17.94 - 17.97	⅛-1¼grodis	-0.63	1⅛-3¼dis	-0.61
Switzerland	2.2610 - 2.2735	2.2625 - 2.2725	¼-⅛cpm	1.32	¾-⅝pm	1.21
Ecu	1.2945 - 1.3080	1.3070 - 1.3080	0.23-0.28cdis	-2.34	0.63-0.69dis	-2.02

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.78-1.73pm. 12 Month 3.05-2.98pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jul 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4765 - 1.4990	1.4810 - 1.4820	0.38-0.36cpm	3.00	1.03-1.00pm	2.74
Ireland†	1.4025 - 1.4250	1.4065 - 1.4075	0.50-0.46cpm	4.09	1.28-1.22pm	3.57
Canada	1.2770 - 1.2815	1.2775 - 1.2785	0.12-0.14cdis	-1.22	0.25-0.33dis	-1.30
Netherlands	1.9140 - 1.9385	1.9345 - 1.9355	0.59-0.62cdis	-3.75	1.82-1.85dis	-3.41
Belgium	[illegible]	35.45 - 35.55	10.00-12.00cdis	-3.72	28.30-32.00dis	-3.39
Denmark	[illegible]	6.6480 - 6.6510	2.90-3.50oredis	-5.78	[illegible]	-5.05
Germany	1.7175 - 1.7245	1.7205 - 1.7215	0.63-0.64pfdis	-4.43	1.75-1.80dis	-4.15
Portugal	164.00 - 164.55	164.05 - 164.15	117-123cdis	-8.78	[illegible]	-8.23
Spain	[illegible]	131.95 - 132.05	95-100cdis	-9.26	[illegible]	-7.37
Italy	1562.25 - 1585.50	1578.75 - 1579.25	8.50-9.00liredis	-6.65	[illegible]	-6.25
Norway	7.2250 - 7.3370	7.3150 - 7.3200	1.90-2.40oredis	-3.53	[illegible]	-3.28
France	[illegible]	5.8475 - 5.8525	2.50-2.75cdis	-5.44	6.70-7.10dis	-4.72
Sweden	[illegible]	7.9900 - 7.9950	3.50-4.10oredis	-5.71	9.50-10.50dis	-5.01
Japan	107.85 - 109.90	109.60 - 109.70	0.01pm-0.01ydis	-	[illegible]	0.04
Austria	11.9900 - 12.1150	12.1100 - 12.1150	3.60-3.90grodis	-3.72	[illegible]	-3.34
Switzerland	1.5125 - 1.5365	1.5300 - 1.5310	0.19-0.22cdis	-1.61	0.54-0.60dis	-1.49
Ecu†	1.1315 - 1.1460	1.1340 - 1.1350	0.48-0.47cpm	5.02	1.25-1.22pm	4.53

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jul 9	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	9 - 8	10 - 9	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	11 - 9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	9 - 8⅞	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jul 9	£	$	DM	YEN	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.482	2.550	162.5	8.668	2.268	2.869	2339	1.895	52.60	195.4	1.308
$	[illegible]	1	[illegible]	[illegible]	5.849	1.530	1.935	1578	1.279	35.49	131.8	0.883
DM	[illegible]	[illegible]	1	[illegible]	3.399	[illegible]	1.125	917.3	0.743	20.63	76.63	0.513
YEN	[illegible]	[illegible]	[illegible]	1000.	53.34	13.98	17.65	14394	11.66	323.7	1202	8.049
F Fr.	[illegible]	[illegible]	[illegible]	[illegible]	10.	2.617	3.309	2698	2.186	60.68	225.4	1.509
S Fr.	[illegible]	[illegible]	[illegible]	[illegible]	3.822	1	1.265	1031	0.836	23.19	86.16	0.577
N Fl.	[illegible]	[illegible]	[illegible]	[illegible]	3.022	0.791	1	815.6	0.661	18.34	68.13	0.456
Lira	[illegible]	[illegible]	[illegible]	[illegible]	3.706	0.970	1.226	1000.	0.810	22.49	83.54	0.559
C$	[illegible]	[illegible]	[illegible]	[illegible]	4.574	1.197	1.513	1234	1	27.76	103.1	0.690
B Fr.	[illegible]	[illegible]	[illegible]	[illegible]	16.48	4.312	5.452	4447	3.603	100.	371.5	2.487
Pta.	[illegible]	[illegible]	[illegible]	[illegible]	4.436	1.161	1.468	1197	0.970	26.92	100.	0.669
Ecu	[illegible]	[illegible]	[illegible]	[illegible]	6.627	1.734	2.193	1788	1.449	40.21	149.4	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100. Pesetas per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS [illegible]

LIFFE EURO SWISS FRANC OPTIONS [illegible]

LIFFE BUND FUTURES OPTIONS [illegible]

LIFFE EUROMARK OPTIONS [illegible]

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS [illegible]

LIFFE SHORT STERLING OPTIONS [illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

PHILADELPHIA SE £/$ OPTIONS [illegible]

PARIS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls August	Calls September	Calls December	Puts August	Puts September	Puts December
118	-	1.76	1.97	0.11	0.14	0.58
119	0.76	[illegible]	[illegible]	0.29	0.28	[illegible]
120	0.27	0.55	0.93	-	0.55	-
121	0.09	0.26	0.55	-	1.05	-
122	-	0.11	-	-	-	-
Open Int	23,236	139,594	45,282	23,661	179,657	30,420

Estimated volume 68,739 † Total Open Interest 475,330
† All Yield & Open Interest figures are for the previous day.

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4815	1.4778	1.4714	1.4640	1.4515

BANK RETURN

BANKING DEPARTMENT	Wednesday July 7, 1993	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	1,312,421,255	+ 1,217,472,091
Bankers Deposits	1,558,356,845	+ 101,685,403
Reserve and other Accounts	4,255,625,100	+ 458,474,491
	7,140,956,200	+ 1,777,631,985
ASSETS		
Government Securities	1,200,232,132	- 2,260,000
Advance and other Accounts	5,491,826,203	+ 1,785,857,691
Premises Equipment & other Secs	443,247,985	- 45,797
Notes	5,422,453	- 5,705,047
Coin	227,427	+ [illegible]
	7,140,956,200	+ 1,777,631,985
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	17,004,577,547	+ 85,705,047
Notes in Banking Department	5,422,453	- 5,705,047
	17,010,000,000	+ 80,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	7,113,826,271	- 250,470,094
Other Securities	9,885,158,629	+ 330,470,094
	17,010,000,000	+ 80,000,000

MONEY MARKETS

French rates soar

FRENCH franc money market interest rates rose sharply yesterday as the currency fell below the FFr3.40 level against the D-Mark, *writes James Blitz*.

As pressure on the franc intensified on the foreign exchanges, French interest rates rose above their German counterparts for the first time in several months.

This was seen as the clearest indication this week that investors are once again treating the franc as a possible candidate for devaluation.

UK clearing bank base lending rate 6 per cent from January 26, 1993

At the same time, there was a slightly more optimistic outlook for German interest rate reductions because dealers believed that the Bundesbank would have to ease policy soon if the *franc fort* policy was to hold.

Three month French franc interest rates rose by nearly 100 basis points on the bid side in the European morning, from 7.52 per cent to 8.48 per cent. After lunchtime, they fell back to around 7.75 per cent, even though the currency remained firmly below the FFr3.40 level against the D-Mark.

This left French franc interest rates some 50 basis points higher than Germany's, which closed at around 7.25 per cent. Only a few weeks ago, French franc interest rates were some 80 basis points below Germany's. The turn-around is an important indication that investors feel they need an interest rate premium to hold the French currency once again.

The response in interest rate futures markets was similar. The September Pibor contract plunged another 23 basis points, to close at 93.04. The spread between the September and December contracts has now widened to 100 basis points, suggesting that investors think French rates will be at 6 per cent by the winter, whether the country is in the exchange rate mechanism or not.

Euromark futures enjoyed a rise, however, amid speculation that the Bundesbank will be forced by this new development to ease rates next week. The September Euromark contract rose 6 basis points to close at 93.26. At least one dealer speculated yesterday that the Bundesbank might lower both the repo rate and the Lombard rate.

Sterling markets were sidelined. Most of a £1.1bn shortage was despatched in the early round of discount market dealing, and 3-month money remained unchanged at around 5[illegible] per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jul 9)	3 months US dollars	6 months US Dollars	
bid 3⅜	offer 3½	bid 3⅜	offer 3½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime

Prime rate	6	One month	2.76	Three year	4.31
Broker loan rate	5	Two month	2.90	Five year	5.02
Fed.funds	2⅞	Three month	3.07	Seven year	5.41
Fed.funds at intervention	-	Six month	3.21	10-year	5.77
		One year	3.41	30-year	6.66
		Two year	3.99		

Jul 9	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	-	7.40-7.55	7.35-7.50	7.30-7.45	7.00-7.15	8.25
Paris	7⅞-7⅝	7.05-8.15	-	7.49-7.69	-	6.75
Zurich	4⅞-4⅝	4⅞-4⅝	-	4⅞-4⅝	-	-
Amsterdam	7.00-7.12	6.98-7.03	-	6.80-6.88	-	-
Tokyo	3⅞-3⅛	-	-	-	-	-
Milan	9½-9¾	9¾	-	9⅞-9⅞	-	-
Brussels		7-7⅛	-	6⅞-6⅞	-	-
Dublin	6¾-6⅞	6½-6⅝	6½-6⅝	6⅞-6⅞	6⅜-6½	-

LONDON MONEY RATES

Jul 9	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	7¼	6⅛	6	6	5⅞	5⅞
Interbank Bid	4½	5⅞	5¾	5¾	5⅝	5⅝
Sterling CDs	-	-	5⅞	5⅞	5¾	5¾
Local Authority Deps.	5¾	5⅞	5⅞	5⅞	6¼	[illegible]
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6	6	-	-	-	-
Company Deposits	-	-	[illegible]	[illegible]	[illegible]	-
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month [illegible] per cent; three months [illegible] per cent; Bank Bills (sell): one-month [illegible] per cent; three months [illegible] per cent; Treasury Bills: Average tender rate of discount [illegible] p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 30, 1993. Agreed rates for period July 26, 1993 to Aug 25, 1993, Scheme I [illegible] p.c. Reference rate for period May 29, 1993 to June 30, 1993, Scheme IV&V [illegible] p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 6pc from July 1, 1993. Bank Deposit Rates for sums at 7 days notice [illegible] p.c. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month [illegible] p.c.; one-three months [illegible] p.c.; three-six months [illegible] p.c.; six-nine months [illegible] p.c.; nine-12 months [illegible] p.c.; Under £100,000 [illegible] p.c. from Jan 27, 1993. Deposits withdrawn for cash [illegible] p.c.

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
Cl. Bank Nederland	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
Citibank NA	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

COMPANY NOTICES

THE ARGENTINA DEBT FUND N.V.

NOTICE

To the Shareholders of THE ARGENTINA DEBT FUND N.V.:

In accordance with Article 13 of the Articles of Incorporation of The Argentina Debt Fund N.V. (the "Fund") the Managing Director hereby informs you that the Board of Supervisory Directors of the Fund has approved the decision of the Managing Director of the Fund to suspend the issuance of common stock of the Fund and the right of each shareholder to require redemption in whole or in part of its shares in the Fund, all in accordance with Article 10 1 (iv) of the Fund's Articles of Incorporation. The period of suspension begins July 2, 1993 and will extend indefinitely.

Curacao, July 5, 1993

CURACAO CORPORATION COMPANY N.V
MANAGING DIRECTOR

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. Φ Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £133⅞
Exchequer 10½% Stk 2005 - £120⅛ (5Jy93)
Guaranteed Export Finance Corp PLC 12⅞% Gtd Ln Stk 2002(Reg) - £130 (2Jy93)

Corporation and County Stocks

Birmingham Corp 3½% Stk 1946(or after) - £36 (7Jy93)
Birmingham District Council 11½% Red Stk 2012 - £121 (7Jy93)

...

British Gas PLC 7⅞% Bds 2000 (Br £ Var) - £100.86 .9 1.2
British Gas PLC 8¼% Bds 2003 (Br £ Var) - £102⅞Φ
British Gas PLC 10⅞% Bds 2001(Br £1000,10000&100000) - £115⅜
British Land Co PLC 12½% Bds 2016 (Br£10000&100000) - £124½ (5Jy93)
Burmah Castrol Capital(Jersey) Ld 9½% Cnv Cap Bds 2006 (Reg £1000) - £128 8
Cookson Finance NV 6⅞% Gtd Red Cnv Prf 2004 (BrShs 1&5) - £130.43 1 (2Jy93)
Daily Mail & General Trust PLC 8¼% Exch Bds 2005 (Br£1000&5000) - £131 (5Jy93)
Dawson Finance NV 9⅞% GtdRedCnvPrf 2004(CertsToBr £118) - £95½
Denmark(Kingdom of) 11⅞% Bds 1994 - £106¼ (6Jy93)
Dow Chemical Co Zero Cpn Nts 30/5/97(Br£1000&10000) - £75⅛ (5Jy93)
ECC Group PLC 6½% Cnv Bds 2005(Br£1000&10000) - £101
East Midlands Electricity PLC 12% Bds 2016 (Br £10000 & 100000) - £129⅞ (2Jy93)
Elf Enterprise Finance PLC 8¾% Gtd Exch Bds 2006 (Reg £5000) - £106¾
Forte PLC 8⅞% Bds 1997 (Br £5000) - £100¾Φ
GMAC Australia(Finance) Ld 11¼% Nts 20/6/96(BrSA1000&10000) - SA109½ 110½ (7Jy93)
Guaranteed Export Finance Corp PLC 9¼% Gtd Bds 2008 (Br £ Var) - £107½ (5Jy93)
Guinness PLC 7⅞% Nts 1997 (Br £ Var) - £100½ (5Jy93)
Guinness Finance BV 12% Gtd Nts 1998(Br£1000&10000) - £111 ½ (7Jy93)
HSBC Holdings PLC 9⅞% Subord Bds 2018 (Br £ Var) - £104¼ ⅜ ½
Halifax Building Society 8¾% Nts 1995 (Br $ Var) - $102⅞ (5Jy93)
Halifax Building Society 10⅜% Nts 1997(Br£1000&10000) - £110¼
Halifax Building Society 11% Subord Bds 2014(Br£10000&100000) - £115⅞ ½ (2Jy93)
Hammerson Property Inv & Dev Corp 10¾% Bds 2013 (Br£10000&100000) - £106¾ 7¼ (7Jy93)
Hanson PLC 9½% Cnv Subord 2006 (Br ...

...

Land Securities PLC 6¾% Cnv Bds 2002(Br£1000) - £100 ½ ¾ (5Jy93)
Land Securities PLC 9⅞% Cnv Bds 2004 (Br£5000&50000) - £113 (2Jy93)
Leeds Permanent Building Society 7½% Nts 1997(Br£Var) - £100⅞
Leeds Permanent Building Society 7⅞% Nts 1998 (Br £ Var) - £99¼ (5Jy93)
Leeds Permanent Building Society 10½% Subord Bds 2018 (Br £Var) - £109 (5Jy93)

Lloyds Bank PLC 9⅝% Subord Bds 2023 (Br £ Var) - £103⅛ .325 (7Jy93)
Lloyds Bank PLC 10¼% Subord Bds 1998(Br£10000) - £110⅛
London Electricity PLC 8% Bds 2003 (Br £ Var) - £100¼ (5Jy93)
Marks & Spencer Finance PLC 7⅜% Gtd Nts 1998 (Br £ Var) - £101⅝
National Grid Co PLC 7⅜% Bds 1998 (Br £ Var) - £100⅝
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Reg - £113 (5Jy93)
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Br - £112¾ ⅞ 3

...

Export Development Corp $500m 5¼% Nts 30/4/96 - £100Φ
Export Development Corp $100m Collared Fltg Rte Nts 6/2/2005 - $100¾ 101⅛ (7Jy93)
Finland(Republic of) ECU500m 8% Nts 16/3/98 - EC104 104.1 (2Jy93)
New South Wales Treasury Corp $A110m 7% Exch Bds 1/2/2000 - $A89¼ (5Jy93)
SBAB $C10m Fltg Rte Nts 22/12/95 - $99⅝ (7Jy93)
Sweden(Kingdom of) FR6000m 8½% Nts 12/11/97 (Br FR Var) - £106 (2Jy93)
Sweden(Kingdom of) £800m 7½% Nts 3/12/97 - £100¾ 1¼
Sweden(Kingdom of) Y100000m 4⅝% Instruments 4/2/95 - £100.46 (5Jy93)
Sweden(Kingdom of) $1.5m Fltg Rte Nts June 1996 - $99.63 (7Jy93)

Sterling Issues by Overseas Borrowers

Asian Development Bank 10¼% Ln Stk 2009(Reg) - £116⅞
Australia(Commonwealth of) 11⅞% Ln Stk 2015(Reg) - £123⅞ (5Jy93)
Bank of Greece 10¾% Ln Stk 2010(Reg) - £106¾ (7Jy93)
Barbados (Government of) 13½% Ln Stk 2015(Reg) - £117 (2Jy93)
Caisse Nationale Des Autoroutes 16% Gtd Ln Stk 2006 - £161⅞ (5Jy93)
Cigna Overseas Finance NV 13% Uns Ln Stk 2008 - £121⅛
Credit Foncier De France 10¼%GtdSerLnStk2011,12,13,14(Reg) - £118¼ (7Jy93)
Credit Foncier De France 14¾% Gtd Ln Stk 2007(Reg) - £151½
European Investment Bank 9% Ln Stk 2001 (Reg) - £107⅞ (7Jy93)
European Investment Bank 9% Ln Stk 2001 (Br£5000) - £107¼
European Investment Bank 9½% Ln Stk 2009 - £111¼ ⅛ (7Jy93)
European Investment Bank 10⅜% Ln Stk 2004(Reg) - ...

...

Sweden(Kingdom of) 13.5% Ln Stk 2010(Reg) - £141⅛ ⅛ .175‡ (5Jy93)
Trinidad & Tobago(Republic of) 12¼% Ln Stk 2009(Reg) - £105 (5Jy93)

Listed Companies(excluding Investment Trusts)

ABB Kent PLC 8% Uns Ln Stk 88/93 - £99½ (5Jy93)

...

Rule 535(2)

...

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Cape Range Oil A$0.318 (5/7)
Dainippon Screen Manufacturing Y739.07
Far East Hotels & Entertainment $0.09 (5/7)
Kuåm Malaysia Ord (Malay Reg) 48 (5/7)
Mount Martin Gold Mines 29.0 (7/7)
North Flinders Mines A$10.56
Oil Search 32
Portman Mining A$2.167 (2/7)
Samantha Hldgs Berhad A$2.247 (5/7)
Sapphire Mines 4.0
Storer Communications $K322.5
Walhalla Minig Co A$0.1613
By Permission of the Stock Exchange Council

FT-SE ACTUARIES INDICES

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LONDON STOCK EXCHANGE

Shares fail to hold on to early gains

By Steve Thompson

Account Dealing Dates		
*First Dealings:		
Jun 21	Jul 5	Jul 19
Option Declarations:		
Jul 1	Jul 15	Jul 29
Last Dealings:		
Jul 2	Jul 16	Jul 30
Account Day:		
Jul 12	Jul 26	Aug 9

*New time dealings may take place from 8.30am two business days earlier.

AN EARLY strong performance by the UK equity market was gradually eroded yesterday leaving the blue chip issues marginally lower on the day. The deterioration came amid renewed suspicions that the big international institutions could be moving money out of leading UK equities and into the German market.

Second line and smaller stocks proved much more resilient, however, closing with good overall gains on the session. Gilt-edged stocks closed with gains of $\frac{3}{16}$.

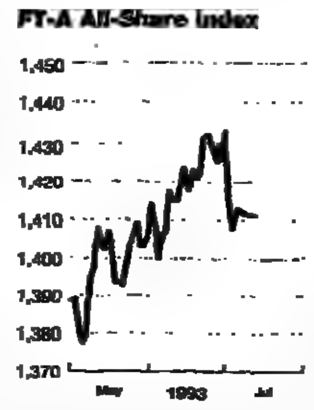
The FT-SE 100 index ended the day a net 2.7 lower at 2,843.2, while the FT-SE Mid 250 index settled 10.4 higher at 3,236.8. Over the week, the senior of the two indices fell 14.5 while the smaller index managed a 2-point rise.

The market began the session in fine form, with Wall Street's overnight strength, renewed gains across most European bourses and talk of a possible reduction in UK interest rates triggering an early mark up.

An opening gain of 7.5 on the FT-SE 100 was extended to one of 12.3, the day's high-point, shortly after midday. Thereafter, London's initial positive sentiment began to waiver and bouts of profit-taking in the cash market and the Footsie future, reacting to a neutral opening by Wall Street, put pressure on equities.

The rate cut stories were backed up in the market by news that at least three of the leading London broking firms – James Capel, SG Warburg Securities and SG Strauss Turnbull – had reduced their year-end base-rate forecasts. Warburg's strategy team said that with gilt yields falling and inflation indicators generally encouraging "it is hard to be particularly bearish from current levels," although it cautions "there is still no sign of any clear upward momentum developing in analysts earnings estimates". On the rate cut hopes, Strauss's Ian Harnett said: "It's not a question of whether there's a rate cut, but when." He sees the market as reasonably priced at present but warned that "the market will be below these levels by the end of September."

FT-A All-Share Index



BT shares were unnerved by two critical press stories and hints that a bearish review of the company is about to be published by a London broker.

There was plenty of activity in the insurance areas, where Sun Alliance continued to respond to hints that Transatlantic, jointly owned by Liberty Life and UAP, could have been adding to their "strategic" holding.

Utilities boosted by regulator

RELIEF greeted the first report from the director-general of Electricity Supply on price controls and shares in the regional electricity companies saw healthy gains. The industry had feared the regulator would come down heavier on the measurement of generating costs and comment on the levels of dividends. The Recs' reporting season, just ended, saw a "dividend race" develop as the companies revealed hefty increases with Southern turning in a winning 17.6 per cent rise.

The market was also pleased by the new pricing formula having feared a figure of four instead of the two allocated. Among the rises yesterday, London put on 14 to 499p, Seeboard 15 to 525p, Midlands 13 to 508p and Southern 7 to 504p. Mr Angelos Anastasiou at Panmure Gordon said: "After the recent strong showing by the shares, the upside from here may be limited, but there's no reason for them to go down."

One of the other beneficiaries of the report was the water sector where hopes of similar treatment from Ofwat combined with strong yield support to see solid advances. Among these, Anglian added 11 to 495p, Severn Trent 12 to 475p with 2.3m traded and Thames 13 to 490p.

Sainsbury weaker

There were strong rumours in food retailing circles that Mr Bob Emmott, the former joint deputy managing director of Wm Morrison Supermarkets who resigned earlier this week, would next week turn up in a senior position at J Sainsbury. If true, it would represent a considerable coup for the latter chain. Morrison's shares benefited from support from BZW and gained 7 to 141p. Sainsbury weakened 4 to 443p.

Hanson advances

Recommendations from two brokers helped international conglomerate Hanson round off an active week in the London market. The shares put on 3¼ to 234p, with volume this time reaching 16m, after James Capel recommended the stock. Hoare Govett which issued a 46- page revue of the group's US construction interests urged investors to buy the stock suggesting it was "undervalued". Its current year profits forecast of £1,093m remains unchanged.

Hanson has been in demand since its announcement at the end of last month that it is to acquire Quantum Chemical of the US.

Container rental group Tiphook asked the stock exchange to investigate dealings in its stock after the shares dived in the first half of the session.

What initially appeared to be a bear raid sent the shares crashing 45 to 283p, at the day's worst. The slide prompted the company, which reports results next Wednesday, to say the figures would include a number of accounting changes, "to bring the company's reporting more in line with US accounting principles." Around 45 per cent of the stock is held by US investors.

However, analysts were unsure how to read the statement or how it would alter the headline profit figure reported next week. Many remain nervous after the company surprised the market with a profits warning last April. The shares rallied to close a net 40 down at 288p, on volume of 1.8m.

Speculation that Thorn EMI was close to sealing a deal on the disposal of its electronics division to GEC was heightened by confirmation of negotiations from the two companies. Thorn shares gained 3 to 909p. GEC lost 3 to 316p.

Ladbroke climbed 3 to 188p with SG Warburg said to be positive. Thursday's profits warning from Euro Disney again bounded the theme park operator. The shares reached a new low of 638p, a fall of 37 on the day.

Vague takeover talk was heard around Joseph Holt and the stock added 63 to 3138p.

BT retreated 7½ to 416½p as it announced that the book-building that started on Thursday had already attracted sufficient bids to cover the International Offer.

Wellcome was the biggest casualty in the FTSE-100 as investors fretted over reports of alternative Aids drugs. The shares fell 12 to 657p.

Royal Insurance moved 4 ahead to 319p, following a recommendation from NatWest Securities. The broker said: "Royals is the composite with most to gain from the upturn in insurance rates even after its rights issue."

Stake-building speculation returned to Sun Alliance sending volume rising to 2.7m, its highest daily total since mid-June when Transatlantic revealed a strategic 3 per cent stake, as the shares advanced 12 to 373p.

Helical Bar's move to raise £20m in a preferential rights issue and an upbeat message from the chairman pleased the market and the share price moved ahead 10 to 236p.

Asda Properties benefited from a BZW buy note and added 3 to 88p.

In banking stocks, Barclays Bank eased 11 to 480p on a combination of profit-taking and cautious comments from US investment bank Goldman Sachs.

Market newcomer Field Group continued its honeymoon with investors, adding 4 to 284p. Smith New Court moved to back the packaging company with a buy note and confidence that Field will keep its market leader position.

MARKET REPORTERS:
Steve Thompson,
Joel Kibazo,
Christopher Price,
Christine Buckley.

■ Other statistics, Page 11

CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises				Falls			
Bourne End	69	+	13	Brown & Tawse	44	–	19
Brit Bloodstock	52	+	8	Clarkson (H)	78	–	9
Burn Stewart	127	+	5	Euro Disney	638	–	37
Crabtree	229	+	15	Evered Bardon	[illegible]	–	[illegible]
Haemocell	172	+	10	Gibbon Lyons	98	–	9
Helical Bar	236	+	10	Latham (J)	105	–	24
Lookers	152	+	7	Lloyds Chemists	267	–	10
M & G Group	825	+	22	Micro Focus	1835	–	210
Morrison (Wm)	141	+	7	Microgen	164	–	[illegible]
Owners Abroad	72½	+	8½	Resort Hotels	42	–	[illegible]
Parkland Text A	152	+	12	Tiphook	288	–	40
Policy Portfolio	148	+	7				
Porvair	241	+	12				

EQUITY FUTURES AND OPTIONS TRADING

DIRECTIONLESS trading continued to dog stock index futures with the September contract slipping 10 points on the previous day's close, writes Christine Buckley.

After a steady opening which saw the contract start at 2,863 and touch 2,872, a spate of lunchtime selling knocked the shine off and set a downward course for the day.

Some blame was put on the buoyant activity in the FT Mid-250 which is diverting attention from the FT-SE 100 with the knock-on effect on footsie futures.

With the past resistance level at 2,900 many traders seem to now be focusing on the 2,850 mark with anything below that stimulating some buying and anything above sparking selling.

The day's low was in the last half hour of trading when September dipped to 2,838 and pushed up 1 to close at 2,839, trailing cash by 5 points. Volume was 8,918 contracts.

Turnover in the traded options fell to 24,314 lots against the previous day's 32,387. BP was the top stock option at 2,021 lots.

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (200). BRITISH FUNDS (7) Treas. 8pc '03 A, Cnv 9½pc '05, Treas. 7¾pc '06, Treas. 7½pc '06, Treas. 8½pc '07, Treas. 9pc '08, Treas. 2½pc IL '01, OTHER FIXED INTEREST (7) AMERICANS (7) Banker., NY, Citicorp, Merrill Lynch, Sears Roebuck, Southwestern Bell, US West, Whirlpool, CANADIANS [illegible] … G. Mercury Asset Mngmt., Rathbone Bros., Stenigem OTHER INDLS (2) Suter, Tex. PACKG, PAPER & PRINTG (5) Brit. Polythene 7½pc Pf., Enso-Gutzeit, NMC 7½pc Pf., Reedpack 11pc Pf., PROP (13) Allied Lon. 5½pc Pf., Benchmark, Bourne End, Brit. Land 8½pc Pf., Chesterfield 8½pc Pf., Estates & General 6pc Pf., Fletcher [illegible]

NEW LOWS (31). [illegible]

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	55	8	15	191	93	106
Other Fixed Interest	7	3	[illegible]	15	[illegible]	51
Commercial, Industrial	299	240	869	1,238	1,353	4,451
Financial & Property	241	52	504	739	580	2,670
Oil & Gas	26	17	[illegible]	92	102	221
Plantations	0	0	8	[illegible]	4	33
Mines	35	52	51	246	159	290
Others	74	25	38	241	180	277
Totals	737	397	1,531	2,762	2,480	8,099

TRADING VOLUME IN MAJOR STOCKS

	Volume 000s	Closing Price	Day's change		Volume 000s	Closing Price	Day's change		Volume 000s	Closing Price	Day's change
Kingfisher†	2,500	600	-9	Ryl Bk Scotland†	1,000	265		Warburg (SG)†	99	719	-1
Ladbroke†	4,000	188	+3	Royal Insurance†	7,500	319	+4	Wellcome†	1,000	657	-12
Land Securities†	583	603	+2	Saatchi	415	164		Welsh Water	674	575	+5
Laporte	649	620	+2	Sainsbury†	2,100	443	-4	Wessex Water	138	523	+6
Legal & General†	351	485	+6	Scottish & Newc.†	450	465	-3	Whitbread A†	1,400	477	+3
Lloyds Abbey	379	433	-2	Scot. Hydro-Elec.†	1,700	297	+3	Williams Hldgs.†	951	315	
Lloyds Bank†	1,800	567	-3	Scottish Power†	4,800	317	+3½	Wills Corroon	535	218	
LASMO	3,800	153	-½	Sears†	405	96½	+½	Wimpey	1,000	159	-3
London Elect.	2,000	499	+14	Sedgwick	381	192	-2	Wolseley†	60	613	
Lonrho	3,100	133	-1½	Seeboard	2,100	525	+15	Yorkshire Elec.	647	541	+9
Lucas	2,900	146	+4	Severn Trent Water†	2,400	475	+12	Yorkshire Water	603	493	[illegible]
				Shell Transport†	2,700	615½	+2½	Zeneca†	2,500	613	-2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 index constituent.

[illegible]

FINANCIAL TIMES EQUITY INDICES

	July 9	July 8	July 7	July 6	July 5	Year ago	* High	* Low
Ordinary share	2229.2	2227.8	2234.1	2235.0	2225.3	1903.7	2239.5	2124.7
Ord. div. yield	4.14	4.14	4.13	4.12	4.15	4.78	4.52	4.07
Earning yld % full	[illegible]	4.93	4.91	4.91	4.93	6.97	6.38	4.[illegible]
P/E ratio net	25.96	25.98	26.06	26.09	25.95	18.00	26.57	19.40
P/E ratio nil	24.07	24.08	24.16	24.18	24.06	16.74	24.60	18.14
Gold Mines	222.2	229.5	239.3	233.7	225.2	84.0	239.3	60.0

*For 1993. Ordinary share index since compilation: high 2239.5 10.3.93 - low 49.4 26/6/40
Gold Mines Index since compilation: high 734.7 15/2/83 - low 43.5 26.10.71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2235.7	2237.4	2236.0	2234.6	2238.9	2234.3	2231.8	2230.2	2230.2	2239.4	2228.6

Volume	July 9	July 8	July 7	July 6	July 5	Year ago
SEAQ Bargains	27,016	24,951	25,357	23,637	24,968	
Equity Turnover(£m)†	-	1203.1	[illegible]	958.8	982.6	
Equity Bargains†	-	28,950	29,708	26,099	26,820	
Shares traded (mil)†	-	673.7	588.4	451.0	413.8	

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

FT-SE-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday July 9 1993

Gold Mines Index	+ 247.73	Insurance (Composite)	+ 9.67
Engineering-Aerospace	+ 39.62	Oil & Gas	+ [illegible]
[illegible]		[illegible]	

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
[illegible]							
SPAIN	10.300	05/02	100.2784	-0.118	10.24	10.24	10.67
UK GILTS	7.250	03/98	102-09	+2/32	6.63	6.78	7.07
	[illegible]	06/03	105-11	+6/32	7.51	7.62	7.97
	9.000	10/08	109-08	+6/32	7.94	8.00	8.[illegible]
US TREASURY *	6.250	02/03	103-17	+8/32	5.76	6.11	6.07
	7.125	02/23	105-31	+15/32	6.66	6.68	[illegible]
ECU (French Govt)	8.000	04/03	105.7300	-0.150	7.16	7.13	7.[illegible]

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2843.2 –2.7	3236.8 +10.4	1411.46 +0.00

[illegible]

Hourly movements

[illegible]

FT-SE Actuaries 350 Industry Baskets

[illegible]

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

[illegible]

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AUTHORISED UNIT TRUSTS

Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

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	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1					071-407 5966	
Income	5	397.29	397.29	422.85	+9.40	4.18
Global Inc	5	61.7	61.7	65.64	+0.40	4.18
Brit Leaders	5	308.08	308.00	327.72	+1.03	2.96
Intl Leaders	5	194.28	194.28	206.68	+0.27	2.15
[illegible]	5.34	54.97	58.49	58.69	+0.39	2.69
Singer & Friedlander UT Mngmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF					081-663 3003	
European Trust	6	53.11	53.27	56.67	+0.13	1.19
Far Eastern Tst	6	62.77	63.62	67.68	+0.09	0.44
Smaller Cos	5	165.5	160.5	170.8	-0.1	1.62
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A3AS					071-637 5377	
S & W American	5	262.4	262.8	278.1	+1.0	0.86
S & W Capital	5	119.3	119.3	127.9	+0.4	1.69
S & W Cash	0	101.32	101.32	101.32	+0.01	5.35
S & W European	5	113.8	113.8	120.4	+1.7	0.97
S & W Far Eastern	5	148.4	149.7	158.4	+0.1	0.00
S & W Growth	5	136.0	127.9	135.3	+0.2	1.26
S & W Income	5	114.8	114.7	122.4		4.60
S & W Magnum	5	124.0	124.0	133.0	+0.3	7.84
S & W Smlr Secs	5	322.5	329.4	348.6	+1.3	0.57
S & W Thoroughbred	5	145.4	145.4	156.0	+0.4	1.87
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth					0202 298422	
Cash	1	49.84	49.84	50.34	+0.01	5.3
[illegible]		56.72	57.18	60.98	+0.18	7.7
[illegible]		52.68	53.55	56.98	+0.21	3.8
European Growth		58.72	59.07	63.00	+0.03	2.8
Income		52.84	53.28	56.83	+0.17	5.8
Intl Growth		61.13	61.85	67.30	+0.72	2.9
[illegible]						

	Bid Price	Offer Price	+ or -	Yield Gross
Fidelity Investment Services Ltd				
Exempt American Portfolio	141.3	143.9	+3.10	0.00
Mngd Pens P'folio	175.7	180.8	+0.50	0.00
Fledgeling Charity Portfolio				
25 Copthall Avenue EC2R 7DR			071-638 5858	
UK Equity	£1.1159	1.1543	—	3.91
Bond	£1.0410	1.0857	—	8.50
Robert Fleming Asset Mngmt Ltd				
Am Exempt	£617.06	625.84	-4.81	1.56
Gen Exempt	£153.72	157.04	+0.33	3.30
Jap Exempt	£595.48	606.08	-3.81	1.04
Pacific Exempt	£158.07	162.78	+0.82	1.60
Contl Euro Exempt	£121.32	123.87	+1.70	2.35
Foreign & Colonial Unit Management Ltd				
Balanced Acc Jul 6	184.7	192.1	-1.8	2.84
Balanced Inc Jul 6	181.5	188.7	-1.8	2.84
Latin American Acc Jul 7	102.7	103.9	-1.4	1.04
Funds in Court*				
Capital May 27	551.78	555.94	-5.35	3.72
Gross May 27	206.77	207.43	-0.08	10.74
High Yield May 27	338.00	340.71	-0.33	7.84
* Restricted to monies under Court control				
Gartmore (John) Unit Mngmt Ltd				
Managed Exempt	109.66	113.69	+0.77	3.60
Henderson Unit Trust Management Ltd				
Pensions Mngd	82.36	83.62	+0.35	2.74
[illegible]				

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

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Providence Capital Life Assc. Co Ltd - Contd.

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Corporate Pension Funds

Prudential Individual Life Funds

Prudential Individual Pension Funds

Reliance Mutual

J Rothschild Assurance PLC

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Provident Institution

Scottish Widows' Group

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Alliance Group - Contd.

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Albany International Assurance Ltd

CMI Insurance Co Ltd

Canada Life International Ltd

Eagle Star Intl Life

Equitable Life (International)

Friends Provident Life Office

Hansard International Ltd

Isle of Man Assurance Ltd

Lombard International Group

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Royal Skandia Life Assurance Ltd - Contd.

Scottish Provident Intl Life Assurance Ltd

Sun Alliance International Life

Tyndall International Group

MANAGEMENT SERVICES

Capital Trust Financial Management

Cheape de Vere PLC

ECU Terminovest PLC

Fairmount Financial Services Ltd

Foster & Braithwaite Ltd

Horstmeister Financial Services(Fin) Ltd

IFS Capital Management PLC

Johnson Fry Asset Managers Plc

Lloyds Bank Fixed Income Fund

Macartney & Dowie Invest Mngt Plc

Northern Rings & Partners

Rayborough Financial Management

Charles Stanley & Co Ltd

United Financial Corporation Ltd

J. D. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

Lloyd George Management

Newport Investment Management

Orion Fund Limited

CANADA (SIB RECOGNISED)

GBC Asset Management

GUERNSEY (SIB RECOGNISED)

AIB Grofund Inv Managers (Guernsey) Ltd

Adams & Neville Fd Mngmt (Guernsey) Ltd

Baring Intl Fd Managers (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

Equitable International Fund Managers Ltd

Hambros Fd Mgrs (CI) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Fund Mngrs (Channel Islands) Ltd

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Midland Bank Offshore Fd Mgrs (Guernsey) Ltd

Prudential-Bache Fund Management (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

Royal Bank of Canada Offshore Fd Mgrs Ltd

Schroder Investment Mngmt (Guernsey) Ltd

Soraeis Funds Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

Arab Bank Fund Managers (Guernsey) Ltd

Bachmann Global Investment Fund Ltd

CIBC Fund Managers (Guernsey) Ltd

Dentrust Management (Guernsey) Ltd

Guernsey Capital Management Ltd

Hambros Fund Managers (CI) Ltd

Henderson Admin. (Guernsey)

Investment Portfolio Svs (CI) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Fund Managers (CI) Ltd

Merrill Lynch Guernsey

Nikko Capital Mngt (Europe) Ltd

Quilter International Management Ltd

Rothschild Asset Mngmt (CI) Ltd

Saudi International (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

U.S. Treasury Securities Fund Ltd

Rudolf Wolff Capital Management Ltd

Yamaichi Capital Management (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

Centre & Co Fund Managers Limited

Federated International Funds Plc

GAM Fund Management Ltd

GT Asset Management (Ireland) Ltd

Morgan Grenfell Investment Funds Ltd

Prolific International Fund Plc

Singer & Friedlander Inv Funds Ltd

Putnam International Fund

IRELAND (REGULATED)(**)

BT Fund Managers (Ireland) Ltd

Bank of Ireland Unit Managers (Ireland) Ltd

Baring International Fd Mngrs (Ireland) Ltd

Baring Mutual Fund Managers (Ireland) Ltd

Chemical Fund Administrators Ltd

Dresdner Intl Management Services Ltd

GT Asset Management (Ireland) Ltd

Gartmore Portfolio Managers Limited

Hambros Fund Managers (Ireland) Ltd

Kleinwort Benson Capital Mngt (Ireland) Ltd

Morgan Grenfell Fund Mngrs (Ireland) Ltd

Morgan Grenfell Prefunds Plc

Paine Webber Offshore Funds Plc

J. Rothschild International Assce plc

Sarasin International (Ireland) Plc

Ulster Bank Investment Services

Yellow Sea Investment Company PLC

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mngrs

Allied Dunbar Intl Fund Mngrs (1000)F

Asset Global Funds Ltd (1200)

CMI Fund Managers (IoM)

Gartmore Fund Managers (IoM)

Leopold Joseph Fund Managers (IoM) Ltd

Mercury Fund Managers Intl (IoM) Ltd

Sun Life Management (IoM) Ltd

Unilondo Smedbrouse Fund Ltd

ISLE OF MAN (REGULATED)(**)

ATC Fund Management (IM) Ltd

AXA Equity & Law Intl Fund Mgrs

Appleton Financial Advisors Ltd

CMI Fund Mngrs (IOM)

City Financial Admin (IoM) Ltd

Duncan Lawrie Inv. Mgt. Ltd

Gartmore Fund Managers (IoM)

John Govett Management (IoM) Ltd

IBI Managers (IoM) Ltd

N & H Fund Managers Ltd

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd

Barclays International Funds

Capital House Fund Mgrs (CI) Ltd (0000)H

Gartmore Fund Managers International Ltd

John Govett (Channel Islands) Ltd (1000)F

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F

Lloyds Bank (CI) U/T Mgrs.

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Midland Bank Fund Managers (Jersey) Ltd

Prudential Fund Managers (Jersey) Ltd

Royal Trust Jay Fd Mngt Ltd

Standard Bank Fund Mngmt (Jersey) Ltd

TSB Trust Funds (CI)

JERSEY (REGULATED)(**)

Barclays Intl Funds

Citibank (CI) Ltd

Citibank B.A.

EBC Fund Managers (Jersey) Ltd

Fleming Group

Foreign & Colonial Mngmt (Jersey) Ltd

Greece Fund Ltd

INVESCO International Limited

Lloyds Bank Trust Co (CI) Mngrs

Management International (Jersey) Ltd

Northgate Unit Tst. Mngr. (Jersey) Ltd

Perpetual UT Mngrs (Jersey) Ltd

The Portugal Fund Limited

Royal Bk of Scotland Fd Mngrs (Jersey) Ltd

Royal Trust Intl Fd Mngt Ltd

Schroder Mngt Services (Jersey) Ltd

Scrimgeour Kemp-Gee Mngmt., Jersey

TSB Trust Funds (CI)

Tyndall International (Jersey) Ltd

Warburg Asset Management Jersey Ltd

Worldinvest (Managers) Jersey Ltd

LUXEMBOURG (SIB RECOGNISED)

Banque Scandinave a Luxembourg SA

Barclays Diversified Portfolio

CMI Asset Management (Luxembourg) SA

Commercial Union Luxembourg SA

Den norske Bank

Dolphin Intl Investments (a) SICAV

Dresdnerbank Asset Mngmt SA

Fidelity Funds (a)

Fleming Group (a)

Henderson Management SA (a)

Hypo Foreign & Colonial Port Fd Sicav (a)

INVESCO International Limited (a)

Jupiter Tyndall Global Fund

Kleinwort Benson Japanese Warrant Fund

Kleinwort Benson Select Fund (a)

Latin American Mngmt Group Ltd (a)

Liberty ALL-STAR World Fund

Lloyds Bank Luxembourg

Midland International Circuit Fund SICAV(a)

Nomura Global Fund (a)

Regent Global Fund (a)

Templeton Global Strategy SICAV

Warburg Asset Mngmt Lux SA (a)

Wardley Investment Services (Lux) SA (a)

LUXEMBOURG (REGULATED)(**)

Alliance Capital

Credit Commercial de France

Credit Lyonnais Rouse (Bermuda) Ltd

Credit Suisse

Daiwa Japan Geo Fund

Dean Witter World Wide Invest Tst SA

The Dragon Fund Sicav

Espirito Santo Investment Mngmt (SICAV)

Europe Value Fund

Fidelity Investment (CI) Ltd

Fleming Group

Lloyds Bank Luxembourg

Morgan Stanley Sicav

Murray International

Nomura Asian Infrastructure Fd SICAV

Rosenberg Management SA (a)

Edmond de Rothschild Group

Scudder, Stevens & Clark

Templeton Worldwide Investments

Tranworld Bond Trust

Unico Financial Services SA Lux

Wardley NAFT (Europe)

World Bond Fund-SICAV

World Trust Fund

Yamaichi 1992 OMM Fund SICAV

SWITZERLAND (SIB RECOGNISED)

B.I.L. Bond Investments AG

OTHER OFFSHORE FUNDS

Abtrust Fund Mngrs (Guernsey) Ltd

Adig Investment

Alliance Capital

Bank Von Ernst & Co AG

Baring International Group

Barclay Eurofutures Fund Ltd

Bermuda Capital Company Ltd

Bridge Management Ltd

Butterfield Management Co Ltd

Citizens Investment Trust Mgt Co Ltd

Credit Lyonnais Rouse (Bermuda) Ltd

Crystal Corporation N.V.

Dashan Investment Trust Co Ltd

Daiwa Intl Capital Management (H.K.) Ltd

Eagle Fund International

Fidelity Investments

First Mexico Income Fund

Five Arrows Chile Fund Ltd

Formosa Fund

GT Management Plc

Goldman Sachs

Indosuez Asia Invest Services Ltd

Jardine Fleming Unit Trusts Ltd

The Japan Fund N.V.

Lehman Brothers Sports Growth Fund

Lloyd George Management

Malaysia Capital Fund Ltd

Man International Futures

Merrill Lynch Asset Management

Morgan Stanley Japanese Warrant Fund NV

Nomura Warrant Fund 1995 Ltd

Pacific Growth Fund

Pakistan Fund

Philippine Income Fund Inc

Portuguese Investment Fund Ltd

Putnam International Advisers Ltd

Quantum Group

Regent Fund Management Ltd

Republic New York Funds

Rothschild Asset Management (CI)

Royal Trust Intl Money Market Fund

Schroder Investment Management Limited

Scudder, Stevens & Clark Inc

Shinzuni Investment Mngmt (Bermuda) Ltd

State Street Banque SA

Taipei Fund

Templeton Galbraith & Hansberger Ltd

The Thai Development Capital Fd

The Thailand Fund

The Thailand Growth Fund

Thornton Investment Management Ltd

Tyndall International (Bermuda) Ltd

The Vietnam Fund Limited

Wellington Fd Mngrs (Bermuda) Ltd

Wells Fargo U.S. IT Fund

Worldwide Limited

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3 pm)

July 9	US$	+ or −
AAR Corp	13⅞	+¼
AMP Inc	61⅞	−⅞
AMR Corp	61⅛	−½
ASA	48	−⅜
Abbott Labs	25⅝	−⅛
Acme Cleveland	12¼	---
Advanced Micro	24⅞	+⅞
Aetna Life	55⅞	−⅛
Affiliated Publ	13⅞	---
Aflac	28⅞	−⅜
Ahmanson (HF)	18⅞	+⅛
Air Prod & Chemical	40⅝	+⅝
Alberto-Culver B	25½	−⅛
Albertson's	52⅞	+¾
Alcan Aluminium	19⅝	+⅛
Alco Standard	48¾	−⅞
Alexander & Alex	27⅜	+⅛
Alex & Baldwin	26½	+¼
Allegheny Power	53¾	---
Allied Signal	66⅝	+¼
Aluminium Co of Am	71½	+1¼
Amax	23½	---
Amax Gold Inc	9⅝	−¼
Amdahl Corp	4.94	−.06
Amerada Hess	48⅞	---
Amer Brands	34⅛	+¼
Amer Cyanamid	52⅞	−⅛
Amer El Power	37⅞	+⅛
Amer Express	31⅞	+⅛
Amer Genl Corp	31¼	−⅜
Amer Greetings A	65⅞	−⅛
Amer Home Pr	63¾	−⅛
Amer International	133¾	+⅞
Amer Natl Ins	64¼	+1
Amer Stores	44¼	−⅞
Amer T & T	61⅞	−⅛
Ameritech	78	−⅛
Ametek Inc	13⅞	−⅛
Amoco	54⅝	−1
Analog Devices	18⅝	+⅛
Anheuser-Busch	48⅞	+⅜
Aon Corp	56	+¼
Apple Computer	37	+½
Archer Daniels	23⅝	−⅛
Arkla	9⅞	−⅛
Armco	7⅛	---
Armstrong World	30⅞	---
Asarco	18⅞	−⅛
Ashland Oil	26⅛	+⅛
Atlantic Richfield	113⅞	+⅞
Auto Data Pro	47⅞	−⅛
Autodesk	47	−4⅛
Avery Dennison	29	---
Avnet Inc	34⅝	+⅛
Avon Products	58¾	+⅛

July 9	US$	+ or −
Cyprus Minerals	23⅞	−⅛
DSC Commun	50⅞	+1¾
DQE	35⅛	---
Dana Corp	52¾	+¼
Data General	9⅞	---
Dayton Hudson	66⅞	+⅛
Deere	65⅞	−⅞
Delmarva Power & L	23⅞	+⅛
Delta Air Lines	47⅞	−¼
Deluxe Corp	37⅞	+⅛
Detroit Edison	35	+⅛
Dial Corp Del	40¼	+⅞
Diebold Inc	52¾	+1⅛
Digital Commns	13⅝	−⅞
Digital Equipment	40¼	+1⅞
Dillard Dept St	37⅞	+¼
Disney (Walt)	39	+⅛
Dole Food Inc	33¾	−¼
Dominion Res	45	+⅛
Donnelley (RR)&Sons	28⅝	−⅛
Dover Corp	46⅛	+⅛
Dow Chemicals	56¾	---
Dow Jones	28⅛	−½
Dravo Corp	11⅝	−⅛
Dresser	23⅞	+⅛
Dreyfus Corp	40⅛	+¼
Duke Power	41	---
Dun&Bradstreet	58⅞	+⅛
Du Pont	48	+¼
E G & G Corp	19¾	+½
E-Systems	42	−⅛
Eastern Enterprises	27½	−⅛
Eastman Kodak	51½	+¼
Eaton Corp	43½	+⅛
Echlin Inc	28⅝	+⅛
Emerson Electric	58⅛	−¼
Engelhard Corp	37½	---
Enron Corp	66⅞	−⅛
Ensearch Corp	18	+⅛
Entergy Corp	36⅞	−¼
Ethyl Corp	18¾	−⅛
Exxon	64⅛	−⅛
FMC Corp	46¾	+½
FMC Gold	6⅞	+⅛
FPL Group	38¼	+¼
Fedders Corp	6⅝	+⅞
Federal Express	47	−⅛
Federal Mogul	20¼	−⅛
Fed Nat Mtge	85	---
Federal Paper Brd	22½	+⅛
Fieldcrest Cannon	26⅞	−⅛
Fina Inc A	61⅞	---

INDICES

NEW YORK

DOW JONES	July 8	July 7	July 6	July 2	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3514.42	3475.87	3449.93	3483.97	3554.83 (27/5)	3241.95 (20/1)	3554.83 (27/5/93)	41.22 (2/7/32)
Home Bonds	107.65	107.80	107.81	107.70	107.75 (29/6)	103.49 (11/1)	501.97 (27/4/83)	54.99 (1/10/81)
Transport	1519.25	1499.29	1520.07	1552.23	1683.09 (18/4)	1453.84 (4/1)	1683.09 (18/4/93)	12.32 (8/7/32)
Utilities	246.44	244.68	243.94	244.13	247.68 (16/4)	217.14 (8/1)	247.68 (16/4/93)	10.50 (8/4/32)

DJ Indl. Day's High 3532.41 (3495.32) Low 3462.38 (3443.28) (Theoretical♣)
Day's High 3516.91 (3478.22) Low 3475.39 (3449.93) (Actual♣)

STANDARD AND POOR'S

	July 8	July 7	July 6	July 2	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	446.84	442.83	441.43	445.84	456.33 (10/3)	429.05 (8/1)	456.33 (10/3/93)	4.40 (1/6/32)
Industrials♥	509.85	503.86	501.83	506.09	524.88 (10/3)	495.49 (29/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	45.87	45.09	44.74	44.76	46.67 (13/4)	39.89 (8/1)	46.67 (13/4/93)	8.64 (1/10/74)
NYSE Composite	246.33	245.66	245.07	247.12	251.36 (10/3)	236.21 (8/1)	251.36 (10/3/93)	4.46 (25/4/42)
Amex Mkt. Value	432.55	431.79	433.77	435.27	440.95 (4/6)	395.84 (8/1)	440.95 (4/6/93)	29.31 (9/12/72)
NASDAQ Composite	702.71	698.79	702.22	704.46	708.86 (4/2)	645.87 (26/4)	708.85 (4/2/93)	54.87 (31/10/72)

	Jul 2	Jun 25	Jun 18	year ago (approx.)
Dow Industrial Div. Yield	2.96	2.95	2.95	3.10

	Jul 7	Jun 30	Jun 23	year ago (approx.)
S & P Industrial div. yield	2.58	2.61	2.56	2.88
S & P Indl. P/E ratio	24.89	25.42	25.04	28.45

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Pacific Tele	6,845,500	49½	+ 1⅞
Walt Disney	5,771,300	38¾	+ ⅛
Gen Motors	4,602,600	47	+ 2½
Sunshine Min	3,839,800	3	- ½
Pepsico	3,656,500	35⅝	- ⅜
Wal-Mart	3,037,900	26½	+ 1
CML	2,784,500	35	- ⅝
Citicorp	2,703,700	31¾	+ 1
Sears Roebuck	2,691,600	56	+ 1¾
Toys R Us	2,663,600	33⅞	---

TRADING ACTIVITY

† Volume (Millions)	July 8	July 7	July 6
New York SE	262.873	248.494	233.314
Amex	18.102	16.717	17.394
NASDAQ	254.871	236.009	199.370
NYSE			
Issues Traded	2,587	2,570	2,554
Rises	1,286	1,014	857
Falls	716	888	1,135
Unchanged	585	668	562
New Highs	114	109	100
New Lows	30	23	19

CANADA

TORONTO	July 8	July 7	July 6	July 5	1993 HIGH	1993 LOW
Metals & Minerals	2959.75	2983.08	3013.00	3015.70	3020.48 (2/7)	2743.31 (21/1)
Composite	3920.90	3972.72	3984.40	3990.50	3997.72 (2/7)	3275.80 (21/1)
MONTREAL Portfolio	1884.62	1902.99	1909.61	1912.36	1939.10 (25/6)	1720.97 (21/1)

Base values of all Indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♣ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	July 9	July 8	July 7	July 6	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1782.8	1782.5	1773.0	1764.2	1782.80 (8/7)	1495.00 (13/1)
All Mining (1/1/80)	841.2	845.6	842.0	827.2	845.60 (8/7)	594.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	348.60	343.64	336.1	334.52	357.78 (9/3)	300.26 (14/1)
Traded Index (2/1/91)	868.39	859.02	834.49	829.91	868.39 (9/7)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1301.86	1286.21	1276.32	1275.60	1301.56 (9/7)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	311.23	311.62	312.09	311.29	314.65 (30/6)	261.80 (4/1)
FINLAND						
HEX General (28/12/90)	1251.8	1283.3	1248.5	1241.6	1285.30 (8/7)	843.10 (28/1)
FRANCE						
CAC General (31/12/81)	540.04	535.86	532.99	533.13	547.37 (30/3)	471.24 (13/1)
CAC 40 (31/12/87)	1985.70	1980.37	1943.78	1935.12	2035.91 (30/3)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	683.90	667.17	663.65	661.49	683.90 (9/7)	588.82 (14/1)
Commerzbank (1/12/58)	1979.2	1955.0	1889.1	1882.4	1979.20 (9/7)	1694.30 (14/1)
DAX (30/12/87)	1797.41	1783.70	1719.76	1700.87	1797.41 (9/7)	1516.59 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	7070.61	7122.39	7141.11	7168.34	7447.24 (27/5)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1615.03	1590.43	1594.48	1629.33	1634.37 (1/7)	1191.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	544.24	543.67	533.27	533.67	559.17 (20/5)	448.33 (8/1)
MIB General (4/1/93)	1201.0	1200.0	1178.0	1177.0	1236.00 (20/5)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	19877.39	19868.67	19720.67	19629.78	21076.00 (3/6)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1608.62	1590.93	1584.38	1592.90	1678.73 (3/6)	1250.06 (25/1)
2nd Section (4/1/68)	2215.32	2208.45	2210.70	2213.79	2384.97 (7/6)	1651.72 (29/1)
MALAYSIA						
KLSE Composite (4/4/86)	728.05	733.98	732.66	731.67	746.29 (11/6)	614.28 (13/1)
NETHERLANDS						
CBS TtlRtn.Gen.(End 1983)	354.0	353.0	349.7	348.9	354.00 (9/7)	285.70 (4/1)
CBS All Shr (End 1983)	232.3	231.7	229.5	228.9	232.30 (9/7)	196.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	843.37	831.72	814.51	818.08	843.37 (9/7)	686.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1631.50	1630.77	1608.59	1593.51	1654.39 (5/5)	1270.68 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	449.58	450.30	449.22	450.78	468.46 (31/5)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1972.0♥	1971.0	2092.0	2090.0	2092.00 (7/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4659.0♥	4691.0	4719.0	4719.0	4719.00 (6/7)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	770.46	760.66	753.11	750.09	777.25 (9/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	258.56	258.77	257.66	257.83	264.92 (22/6)	215.60 (4/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1115.2	1108.6	1097.9	1089.6	1115.20 (9/7)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1042.1	1040.4	1027.5	1035.0	1042.50 (30/6)	904.80 (11/1)
SBC General (1/4/87)	822.4	821.10	812.6	818.9	822.40 (9/7)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	4088.47	4017.59	4020.36	4047.42	5013.28 (7/4)	3088.43 (8/1)
THAILAND						
Bangkok SET (30/4/75)	907.64	898.53	903.00	887.42	998.44 (25/1)	818.64 (1/6)
WORLD						
M.S. Capital Intl.(1/1/70) $	561.1*	562.8	560.6	559.6	578.30 (3/6)	488.80 (13/1)
Euro Top-100 (26/6/90)	1025.75	1021.49	1009.32	1005.62	1025.75 (9/7)	882.73 (13/1)

**Saturday July 3: Taiwan Weighted Price; 3917.24, Korea Comp Ex. 748.30.
♥ Subject to official recalculation.
*Calculated at 15.00 GMT.

Base values of all Indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable

WORLD STOCK MARKETS

AMERICA

Airlines sold again as Dow flattens out

Wall Street

US stock markets ended a week of volatile prices swings on a subdued note yesterday, with stocks little changed in light trading, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up only 2.49 at 3,516.91. The more broadly based Standard & Poor's 500 was 0.72 lower at 447.92, while the Amex composite was up 0.67 at 433.22, and the Nasdaq composite up 1.55 at 704.26. Trading volume on the NYSE was 144m shares by 1 pm.

On Tuesday, prices fell sharply on concerns about the economy, corporate earnings and rising commodities prices. Over the following two days, however, the markets staged an impressive rally, aided by a downturn in commodities prices and some rare good economic news. By yesterday, it was clear that investors and dealers had exhausted their interest in equities, at least temporarily.

Trading throughout the morning was light, and stocks barely moved from their opening values. Although commodities prices picked up again, prompting a brief sell-off in bonds, the equity markets paid little attention.

Airlines were once again in the firing line, although this time it was not fears of rising fuel costs, but worries about the impact on earnings of the latest round of price competition, and disappointing June air travel figures, that did most of the damage. USAir suffered the most, falling $1¾ to $14 in volume of 1.2m shares. Also lower were Delta, down $⅝ at $47¼, AMR (parent of American Airlines), down $⅝ at $61⅛ and UAL, $1¼ lower at $123.

Car stocks were higher as a group, as investor confidence in the outlook for car sales and corporate profits continued to build. Chrysler put on $½ at $47⅝, General Motors $¼ to $47¼ and Ford $¼ to $51⅞.

Baxter International dropped $1¼ to $27¼ in heavy trading after the company said that it expected second quarter operating income to come in below the $252m earned a year ago.

Bristol-Myers Squibb rose $⅝ to $58⅝ on reports that the company has had some success in fighting lung and colon cancer in animals with a combination of its cancer drug and monoclonal antibodies.

Compaq firmed $¼ to $45 after SG Warburg raised its investment rating on the stock from a "hold" to a "buy".

Canada

TORONTO continued its retreat from the 4,000 level as the TSE-300 composite index fell 14.01 to 3,906.85 at midday. Volume fell from 39.3m to 33.6m shares.

Oil and gas stocks recovered slightly from Thursday's setback with a rise of 3.50 to 4,612.97. But precious metals continued their downward career, the gold and silver index dropping by 158.74, or 1.7 per cent to 9,104.08 against a recent year's high of 9,962.25.

Mexico vulnerable to shifts in Nafta talks

Economic woes also persist, writes Damian Fraser

"If you like to gamble," says Mr Felix Boni, head of research at the Mexican brokerage, Interacciones, "gamble that there will be a North American Free Trade Agreement by January, and buy Mexican stocks."

Mr Boni sums up the driving force behind the equity market: with Nafta in trouble for much of this year, the market has drifted from 1,759 at the beginning of January to around 1,703 at midsession yesterday. Occasional good news on Nafta has sent the market up, only for it to fall again on some unexpected bad news.

The last two weeks have been no different. Ten days ago, the market fell by nearly 2 per cent in a few hours as a US federal judge ordered the Clinton administration to conduct a lengthy study of Nafta's environmental impact, potentially delaying the treaty to next year, or even derailing it.

But this week the bolsa has surged, partly as investors reckoned that last week's pessimism over Nafta had been overdone.

Salomon Brothers, for instance, argues that last week's ruling by the judge will be repealed, or ignored, and that negotiations on parallel agreements on labour and the environment will be wrapped up by the end of August.

If the economy was in better shape, then the Nafta talks would doubtless be less important to investors. But the government has been forced this year to run a budget surplus and push interest rates over 5 per cent in real terms to slow inflation, reduce demand for imports, and finance a $20bn trade deficit.

However, if Nafta is passed, more foreign capital is likely to flow into Mexico, and the government could lower interest rates and increase spending without endangering its exchange and inflation rate targets. An agreement should, therefore, boost company sales and lower their financial costs.

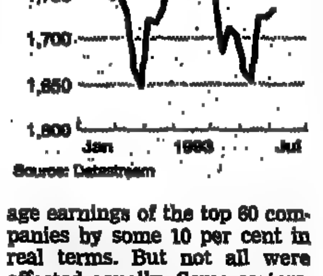
Under this scenario equities would look a bargain: the 30 largest listed stocks tracked by Baring Securities are trading at an estimated 1993 p/e ratio of just 10.3, compared with 14.9 in Chile, 12.5 in Argentina, and 10.4 in Brazil.

But, as yet, there is no sign of a pick-up in the economy: first quarter growth was a modest 2.4 per cent, with some manufacturing sectors actually shrinking, and no-one is forecasting an expansion of more than 3 per cent for the year.

The sluggish economy helped lower first quarter average earnings of the top 60 companies by some 10 per cent in real terms. But not all were affected equally. Some sectors, mainly in manufacturing, consumer goods, and heavy industry, fared worse than the average, while construction continued to expand.

Mexico

IFC Index in $ terms



Source: Datastream

The result is that some stocks, mostly construction and mining, have risen in the past three months, while others, such as Telmex, Alfa, Tamsa and TMM, have slid on fears of lower earnings. "Share prices have even varied within sectors as individual companies successfully adjust to growing competition and tighter margins, while competitors do not", says Mr Timothy Heyman, head of the Baring Securities office in Mexico City.

Investors are now bracing themselves for second quarter results. Mr Pyers Griffith at James Capel in Mexico City says that sentiment in the corporate sector is depressed, and reckons earnings will be flat, or possibly down. Mr Heyman says that there will be a wide disparity in performance both between and within sectors, suggesting the importance of individual stock selection.

Investors's attention will be fixed on Telmex, the exchange's largest stock in terms of market capitalisation, whose share price is already down nearly 20 per cent in the past six months.

Telmex reported a 4.3 per cent decrease in profits and a worse than expected increase in revenues for the first quarter. Last month it warned that the second quarter was going to be difficult, causing another precipitous slide in the price.

After the second quarter reporting season is over prospects for the market may improve. Mexico's inflation rate has finally reached single digits, while the trade balance has stopped growing. The government, therefore, has been able to allow interest rates on short-term government paper to fall to a year's low of 14.1 per cent without provoking capital outflows.

If inflation continues to fall, and the trade balance shows further improvement, then the government could afford a further loosening in monetary and fiscal policy without raising the spectre of a devaluation. With a number of Mexican companies – Aeromexico, ICA, Tamsa and Cemex among others – heavily indebted in foreign currency, a devaluation would hit the market hard.

Even during the bolsa's falls, foreign investors have shown a surprising interest in individual equity offerings. In the past couple of months a number of companies have made initial public offerings successfully in Mexican and international markets.

A year ago such offerings would have been scuttled in a weak market; but foreign investors are showing more ability at discriminating between the market and individual stocks.

EUROPE

DAX 1,800 breakthrough reversed at close

THE question of the day was whether Frankfurt would extend its uptrend and take the DAX index through 1,800. Its limited success in this endeavour left bourses looking more sedate than they had done over the previous two days, *writes Our Markets Staff.*

FRANKFURT failed to sustain its DAX breakthrough and the index closed up 13.71 on the day at 1,797.41 after a high of 1,804.56. It was still 5.9 per cent firmer on the week.

Turnover was expected to remain high after Thursday's DM15.5bn. The Goldman Sachs strategists, Mr Sushil Wadhwani and Mr Mushtaq Shah, wrote yesterday that a short-term bubble was now probable, with underweight foreign investors continuing to be drawn in and a 1,850-1,900 range on the cards. "However," they said, "valuation considerations suggest to us that the medium-term upside is likely to be relatively limited."

Meanwhile, non-cyclicals were allowed to shine with Allianz up DM43 to DM4,303, Deutsche Bank adding DM7.50 to DM725.50 and Schering DM24.40 to DM843. Mr Mark Tracey at Goldman Sachs said that Schering's merger of its agrochemical interests made it more of a pure healthcare company; that an important drug approval was expected imminently in the US; and a licensing agreement with Hafslund, of Norway was a third bull point on the day.

However, there was still life in the cyclicals where Linde, the engineer, rose DM15.50 to DM810.50 and Volkswagen saw foreign interest as it rose DM7.70 to DM373.60.

PARIS kept its attention fixed firmly on the currency markets as the franc slipped to a three-month low against the D-Mark. There were reports of intervention by the Bank of France to support the currency, rumours that the government was meeting to discuss the issue, and even speculation, particularly among US institutions, that France might leave the ERM to be able to cut interest rates independently of Germany.

The CAC-40 index ended up 5.33 at 1,985.70, a gain of 2.3 per cent on the week.

Morgan Stanley commented that a potential currency crisis was imminent as the speculators "smell blood and the feeling grows that this time it will be politically and economically difficult for France to raise interest rates". The brokers said that a further round of European rate cuts was necessary and forecast that interest rates would fall sharply over the next twelve months.

Peugeot featured with a FFr17 advance to FFr635 as investors latched on to data which showed its share of the European market improving.

Euro Disney eased a further 6.5 per cent following Thursday's dismal forecasts, falling FFr51.90 to FFr55.60.

AMSTERDAM moved modestly higher, the CBS Tendency index finishing 0.7 up at 116.7, a week's rise of 3.7 per cent.

Kleinwort Benson's Dutch team, writing in their latest research paper, continued to recommend a "primarily defensive portfolio" over the summer. "Last year's relative appreciation of the Dutch guilder," they observed, "will have a dampening impact on the recovery potential of corporate earnings".

Cyclical stocks remained prominent after Thursday's strong gains, with DSM up Fl 2.40 to Fl 95.10 and Akzo rising Fl 2.50 to Fl 161.40.

The publishing sector also featured, with Elsevier up 60 cents at Fl 141.10 for a new year's high and Wolters Kluwer putting on Fl 1.10 to Fl 96.90.

MILAN was largely preoccupied by technical trading ahead of the expiry of options early next week. The Comit index closed marginally ahead, up 0.57 at 544.24, a week's rise of 1.1 per cent.

Fiat continued to feature following disappointing sales figures released earlier this week and its announcement yesterday that it was to make more temporary lay-offs in the autumn. The car group's shares fell L120 to L6,405, before picking up slightly to L6,470 on the kerb.

Telecommunications also featured with Sip among the day's most actives, up L15 at L2,701 and Stet gaining L40 to L3,650.

ZURICH featured more profit-taking in UBS bearers, SFr12 lower on the day at SFr1,160 but still 4 per cent higher on the week. The SMI index finished at 2,402.7 with gains of 4.8 and 1.4 per cent respectively.

BRUSSELS, one of last week's strong points, accelerated again after a period of digestion, the Bel 20 index rising by 16.35, most of the week's 1.5 per cent gain, to 1,301.56.

VIENNA continued to follow Frankfurt, taking its rise on the week to 3.4 per cent with the ATX index up 9.37 higher at 881.39.

STOCKHOLM continued in ebullient form on foreign buying, the Affärsvärlden index gaining 8.60 to 1,115.20, a week's gain of 2.4 per cent.

ISTANBUL lost another 4.8 per cent as many investors took note of a government statement confirming that the budget deficit for 1993 is likely to be three times worse than previous forecasts. The composite index lost 513.9 to 10,275.3, a week's decline of nearly 15 per cent.

FT-SE Actuaries Share Indices

July 9								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1228.00	1227.35	1226.98	1230.11	1228.92	1227.77	1228.98	1230.56
FT-SE Eurotrack 200	1276.65	1273.95	1274.89	1278.31	1275.78	1274.82	1274.96	1274.12

	Jul 8	Jul 7	Jul 6	Jul 5	Jul 2
FT-SE Eurotrack 100	1225.73	1211.33	1203.04	1197.01	1201.31
FT-SE Eurotrack 200	1270.80	1260.04	1257.80	1253.51	1259.19

Base value 1000 (26/10/90) High/day: 100 - 1231.22; 200 - 1278.52 Low/day: 100 - 1228.13 200 - 1272.87.

SOUTH AFRICA

JOHANNESBURG gold shares recovered early losses as the gold price found support at $388 and moved back above $390. The gold index ended at 1,972, up 1 after an intraday low of 1,903. Industrials slid 32 to 4,659 while the overall index dropped 28 to 4,117.

ASIA PACIFIC

Nikkei gains on G7 summit declaration

Tokyo

THE economic declaration of the G7 summit, which included clauses calling for Japan to take fiscal and monetary measures to revive its sluggish economy, prompted hopes of monetary easing by the Bank of Japan, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed 188.72 higher at 19,877.39, 1.3 per cent higher on the week, on buying by arbitrageurs and public pension funds. The index opened at the day's low of 19,699.97 and rose to a high of 19,946.79 just before the close.

Volume rose from 349m to 480m shares. While this was the highest level since June 11, traders said that July futures options settlements and speculative trading in Nikkatsu accounted for about 200m shares.

Advances led declines by 761 to 227 with 141 unchanged. The Topix index of all first section stocks gained 17.69 to 1,608.62 and, in London, the ISE/Nikkei 50 index rose 1.79 to 1,219.58.

At the end of the G7 summit Mr Kiichi Miyazawa, the Japanese prime minister, said that while the government did not intend to introduce another economic stimulus package, spending on public works projects, including high technology infrastructure, would be increased.

Nippon Telegraph and Telephone gained on Mr Miyazawa's comments, rising Y19,000 to Y884,000. Other high-technology issues also advanced, with NEC up Y11 to Y957 and Fujitsu rising Y24 to Y740.

Nikkatsu, the most active issue of the day with almost 20 per cent of the day's volume, rose Y9 to Y25. The film producer and distributor, which filed for court protection last week, has recently become a speculative favourite among traders looking for quick profits.

Hopes of lower interest rates helped banks. Industrial Bank of Japan rose Y40 to Y3,050 and Mitsubishi Bank added Y60 to Y2,830.

In Osaka, the OSE average rose 168.78 to 21,929.23 in volume of 13.6m shares.

Roundup

WHERE it moved, the region maintained an upward trend.

NEW ZEALAND registered another three-year high, the NZSE-40 index closing 7.17 higher at 1,723.66, 1.4 per cent higher on the week. Volume was NZ$40m, the bulk of it in Carter Holt and Telecom.

Telecom rose another 5 cents to $3.31; Carter Holt was unchanged at $2.94.

SEOUL's composite index rose 9.78 higher at 770.46, 3.2 per cent higher on the week, in a session dominated by strong interest in construction and financial stocks.

TAIWAN featured late buying of textiles and blue chips, with strong interest in China Steel, 90 cents higher at T$20.20 on reports of good profits in June.

The textile stock, Hualon, also gained 60 cents, to T$26.20 as the weighted index ended 50.88 higher at 4,068.47, 3.7 per cent up on the week. Turnover remained thin at T$14.95bn.

AUSTRALIA saw a drop in golds after the bullion price lost its impetus, the gold shares index ending 40.5 lower at 2,172.9. However, the All Ordinaries index still managed to end 0.4 higher at 1,782.9, a new, post-1987 crash high.

A strong News Corp helped support the market. It peaked at A$8.00, to finish 20 cents up at A$7.92 after a link up between its BSkyB arm and Australian analysts on Thursday boosted confidence in the stock.

HONG KONG saw late selling as the latest Sino-British talks on the colony ended without agreement. The Hang Seng index lost 51.78 to 7,070.61, 2 per cent lower on the week, although turnover stayed thin at HK$3.29bn, against HK$2.95bn on Thursday.

Most blue chips were hit by the late selling with Cheung Kong dipping 40 cents to HK$26.40 and its affiliate, Hutchison Whampoa, off 20 cents to HK$21.40.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JULY 8 1993								WEDNESDAY JULY 7 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (68)	138.46	+1.1	137.26	95.05	122.70	134.63	+0.6	3.72	136.92	136.01	93.22	121.55	133.65	144.19	117.39	145.28
Austria (18)	147.30	+2.4	146.03	101.12	130.53	130.66	+2.8	1.49	143.83	142.87	97.92	127.68	127.16	150.98	131.16	168.09
Belgium (42)	146.81	+0.3	145.54	100.77	130.09	127.26	+0.6	4.50	146.39	145.41	99.65	129.95	126.53	156.76	131.19	146.24
Canada (108)	126.78	-1.0	125.69	87.03	112.34	117.69	-1.2	2.86	128.01	127.16	87.15	113.63	119.07	130.38	111.41	128.09
Denmark (33)	214.19	-0.2	212.34	147.04	189.81	191.40	-0.1	1.18	214.67	213.24	146.14	190.56	191.67	225.64	185.11	240.58
Finland (23)	99.76	-0.2	98.90	68.48	88.40	119.59	+0.3	1.02	99.98	99.31	68.07	88.75	119.23	100.92	65.50	78.18
France (96)	152.97	+1.4	151.65	105.00	135.54	138.93	+1.7	3.25	150.87	149.87	102.70	133.92	136.67	167.35	142.72	160.80
Germany (60)	114.30	+3.8	113.32	78.48	101.29	101.29	+3.6	2.10	110.16	109.43	75.00	97.79	97.79	117.10	101.59	127.10
Hong Kong (55)	286.97	-0.2	284.50	197.00	254.32	285.55	-0.3	3.30	287.60	285.69	195.79	255.32	286.33	301.61	218.82	250.16
Ireland (15)	155.93	-0.5	154.58	107.04	138.18	154.06	-0.4	3.50	156.70	155.66	106.68	139.11	154.62	170.40	129.28	155.20
Italy (70)	68.54	+1.3	67.95	47.05	60.73	80.03	+2.1	2.03	67.69	67.24	46.08	60.09	78.38	72.82	53.78	66.03
Japan (470)	145.48	-0.4	144.23	99.87	128.94	99.87	+0.5	0.83	146.00	145.03	99.40	129.62	99.40	155.96	100.75	100.39
Malaysia (69)	333.30	+0.3	330.43	228.80	295.35	329.39	+0.1	2.05	332.30	330.09	226.22	294.98	329.04	349.34	251.66	244.46
Mexico (19)	1488.21	+0.3	1473.38	1020.25	1317.03	5072.25	+0.2	0.97	1481.21	1471.37	1008.38	1314.91	5060.86	1725.81	1410.30	1385.96
Netherland (24)	168.09	+1.0	166.64	115.39	148.96	146.99	+0.9	3.74	166.40	165.00	113.28	147.72	145.67	172.75	150.39	183.35
New Zealand (13)	52.30	+0.9	51.85	35.91	46.35	50.45	+0.3	4.42	51.82	51.48	35.28	46.01	50.32	52.30	40.56	47.82
Norway (22)	156.75	+2.3	155.39	107.60	138.91	154.03	+2.5	1.71	153.27	152.25	104.35	136.07	150.52	166.21	137.71	169.17
Singapore (38)	249.52	-0.1	247.37	171.29	221.12	186.80	+0.1	1.85	249.67	248.01	169.98	221.64	188.56	262.72	207.04	220.83
South Africa (60)	207.79	-1.9	206.00	142.64	184.13	209.14	-1.8	2.42	211.77	210.37	144.17	187.99	212.92	211.77	144.72	197.04
Spain (44)	123.37	-0.1	122.31	84.69	109.33	122.30	+0.6	4.84	123.50	122.68	84.08	109.63	121.58	132.82	115.23	150.48
Sweden (36)	166.36	+0.2	164.93	114.21	147.43	194.87	+0.9	1.73	166.07	164.97	113.06	147.43	193.18	164.06	149.70	190.04
Switzerland (50)	128.19	+1.4	127.09	88.01	113.61	120.40	+1.3	1.81	126.37	125.53	86.04	112.20	118.81	129.36	108.81	109.96
United Kingdom (219)	173.18	+0.2	171.68	118.87	153.45	171.68	+0.0	4.04	172.86	171.71	117.67	153.43	171.71	181.99	162.00	188.91
USA (519)	183.61	+1.3	182.02	126.05	162.71	183.61	+1.3	2.79	181.24	180.04	123.39	160.90	181.24	186.27	175.36	168.62
Europe (752)	144.01	+1.0	142.76	98.86	127.62	137.45	+1.1	3.24	142.53	141.58	97.03	126.53	136.01	149.02	138.92	152.05
Nordic (114)	160.72	+0.2	159.33	110.33	142.42	164.31	+0.7	1.51	160.45	159.39	109.24	142.44	163.24	171.77	142.13	176.92
Pacific Basin (713)	149.46	-0.3	148.17	102.60	132.45	106.50	+0.4	1.11	149.87	148.87	102.03	133.05	105.04	150.07	105.69	106.94
Euro-Pacific (1465)	147.11	+0.2	145.84	100.98	130.36	119.34	+0.7	1.96	146.75	145.77	99.90	130.26	116.55	154.05	117.96	125.19
North America (627)	180.07	+1.2	178.52	123.63	159.60	179.12	+1.2	2.79	177.92	176.74	121.14	157.97	177.00	182.38	171.51	166.07
Europe Ex. UK (533)	125.63	+1.6	124.54	86.26	111.35	117.56	+1.8	2.70	123.63	122.81	84.19	109.78	115.50	128.65	112.51	129.74
Pacific Ex. Japan (243)	188.88	+0.3	187.25	129.68	167.39	174.12	+0.1	3.16	188.24	186.99	128.17	167.12	173.93	194.08	152.70	171.51
World Ex. US (1652)	147.86	+0.2	146.58	101.51	131.03	121.48	+0.6	1.99	147.59	146.61	100.49	131.03	120.78	154.27	118.51	126.83
World Ex. UK (1952)	157.45	+0.7	156.08	108.09	139.54	137.51	+1.0	2.12	156.42	155.38	106.50	138.87	135.21	161.34	134.22	135.33
World Ex. So. Af. (2111)	158.61	+0.6	157.24	108.89	140.56	140.11	+0.9	2.30	157.60	156.56	107.30	139.92	138.87	162.74	137.29	139.63
World Ex. Japan (1701)	167.78	+1.0	166.33	115.19	148.71	163.66	+1.0	2.94	166.05	164.95	113.06	147.43	161.99	170.05	157.47	162.11
The World Index (2171)	158.85	+0.6	157.48	109.05	140.78	140.68	+0.9	2.30	157.88	156.83	107.49	140.17	139.48	162.86	137.32	139.96

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Funding 6pc 1993‡‡	100	—	100¼	[illegible]	6.00	5.75
Treas 13¼pc 1993‡‡	[illegible]	[illegible]	[illegible]	101½	[illegible]	5.50
8¼pc 1994	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14½pc 1994‡‡	[illegible]	[illegible]	[illegible]	[illegible]	13.74	5.49
Exch 13½pc 1994	[illegible]	[illegible]	[illegible]	[illegible]	12.72	5.60
Treas 10pc Ln 1994‡‡	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.59
Exch 12½pc 1994	[illegible]	[illegible]	[illegible]	[illegible]	11.63	5.55
Treas 9pc 1994‡‡	104¼	—	[illegible]	[illegible]	8.63	5.66
12pc 1995	[illegible]	—	[illegible]	108¼	11.00	5.72
Exch 3pc Gas 90-95	[illegible]	—	[illegible]	94	3.12	4.97
10¼pc 1995	108¼	—	[illegible]	[illegible]	9.47	5.89
Treas 12¾pc 1995‡‡	[illegible]	[illegible]	[illegible]	[illegible]	11.14	6.00
14pc 1996	118	—	[illegible]	[illegible]	11.88	6.16
15¼pc 1996‡‡	122¾	[illegible]	[illegible]	[illegible]	12.42	6.29
Exch 13¼pc 1996‡‡	117¾	[illegible]	[illegible]	[illegible]	11.26	6.29
Conversion 10pc 1996	110½	[illegible]	111½	[illegible]	9.05	6.43
Treas 13¼pc 1997‡‡	[illegible]	[illegible]	[illegible]	[illegible]	11.00	6.52
Exch 10½pc 1997	[illegible]	—	[illegible]	[illegible]	9.36	6.62
Treas 8¾pc 1997‡‡	[illegible]	[illegible]	[illegible]	105½	8.15	6.64
Exch 15pc 1997	[illegible]	[illegible]	[illegible]	[illegible]	11.59	6.90
9¾pc 1998	[illegible]	[illegible]	[illegible]	[illegible]	8.77	6.81
Treas 7¼pc 1998‡‡	[illegible]	[illegible]	[illegible]	[illegible]	7.09	6.88
7¼pc 1998 A‡‡	[illegible]	[illegible]	[illegible]	[illegible]	7.10	6.89
Treas 9½pc 1995-98‡‡	[illegible]	[illegible]	101	[illegible]	8.74	6.70
14pc '96-1	127¼	—	[illegible]	[illegible]	11.07	7.29
Five to Fifteen Years						
Treas 15½pc '98‡‡	[illegible]	[illegible]	[illegible]	[illegible]	11.38	7.09
Exch 12pc 1998	[illegible]	[illegible]	122¾	[illegible]	9.81	7.18
Treas 9½pc 1999‡‡	[illegible]	[illegible]	112½	[illegible]	8.54	7.00
Exch 12¼pc 1999	[illegible]	[illegible]	[illegible]	[illegible]	9.87	7.27
Treas 10½pc 1999	[illegible]	[illegible]	[illegible]	[illegible]	9.07	7.14
Conversion 10¼pc 1999	[illegible]	[illegible]	[illegible]	[illegible]	8.80	7.21
9pc 2000‡‡	[illegible]	[illegible]	[illegible]	106	8.21	7.16
Treas 13pc 2000	[illegible]	[illegible]	131	125½	10.06	7.53
10pc 2001	114¼	[illegible]	[illegible]	[illegible]	8.75	7.60
9¾pc 2002	[illegible]	[illegible]	[illegible]	[illegible]	8.67	7.62
9pc 2003‡‡	[illegible]	[illegible]	[illegible]	[illegible]	7.74	7.61
8pc 2003 A‡‡	[illegible]	[illegible]	[illegible]	[illegible]	7.76	7.58

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
10pc 2003	[illegible]	[illegible]	[illegible]	[illegible]	8.63	7.70
Treas 11½pc 2001-4	121¼	[illegible]	[illegible]	[illegible]	9.48	7.76
Funding 3½pc '99-4	74¼	[illegible]	[illegible]	[illegible]	4.72	6.98
Conversion 9½pc 2004	[illegible]	[illegible]	[illegible]	[illegible]	8.46	7.81
9½pc 2005	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 12½pc 2003-5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7¾pc 2006‡‡	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8pc 2002-6‡‡	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 11¾pc 2003-7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 8½pc 2007‡‡	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13½pc '04-8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over Fifteen Years						
Treas 9pc 2008‡‡	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9pc 2008 D‡‡	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8pc 2009	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Conv 9pc Ln 2011‡‡	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 9pc 2012‡‡	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 5½pc 2008-12‡‡	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 8pc 2013‡‡	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7¾pc 2012-15‡‡	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 8¾pc 2017‡‡	[illegible]	[illegible]	[illegible]	[illegible]	8.18	8.09
Exch 12pc '13-'17	[illegible]	[illegible]	137	[illegible]	8.76	8.26
Undated						
Consols 4pc	[illegible]	[illegible]	40	[illegible]	8.22	–
War Loan 3½pc‡‡	[illegible]	—	[illegible]	[illegible]	8.21	–
Conv 3½pc '61 Aft.	[illegible]	—	[illegible]	[illegible]	5.49	–
Treas 3pc '66 Aft.	[illegible]	—	[illegible]	[illegible]	8.14	–
Consols 2½pc	[illegible]	[illegible]	[illegible]	[illegible]	7.77	–
Treas. 2½pc	[illegible]	—	[illegible]	[illegible]	8.02	–

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield (1)	Yield (2)
Index-Linked						
Treas. 2pc '94 (102.9)	[illegible]	—	[illegible]	[illegible]	–	1.26
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.01	2.80
B'ham 11½pc 2012	[illegible]	—	[illegible]	114	9.33	8.85
Ireland Cap 8½pc '10	[illegible]	—	[illegible]	[illegible]	7.46	–
9pc Cap 1996	112	—	[illegible]	[illegible]	8.04	–
13pc '97-2	[illegible]	—	[illegible]	110	10.49	–
Hydro Quebec 15pc 2011	[illegible]	[illegible]	[illegible]	[illegible]	10.01	9.34
Leeds 13½pc 2006	[illegible]	[illegible]	[illegible]	128	9.89	8.85
Liverpool 3½pc Irred.	[illegible]	—	[illegible]	34	9.40	–
LCC 3pc '20 Aft.	[illegible]	[illegible]	[illegible]	[illegible]	8.86	–
Manchester 11½pc 2007	[illegible]	[illegible]	[illegible]	114	9.80	8.85
Met. Wtr. 3pc 'B'	[illegible]	[illegible]	[illegible]	[illegible]	4.39	7.55
N'wide Anglia 3¾pc 2021	130	[illegible]	130	[illegible]	–	4.84
4¼pc IL 2024	[illegible]	[illegible]	[illegible]	[illegible]	–	4.50
Utd Mex States 16½pc 2008	[illegible]	[illegible]	[illegible]	[illegible]	11.76	11.31

Continued on next page

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		17¼xd	+7/32	20¼	15⅜	14,332	2.5
Allegheny & W	♥	634p	+6	635p	393p	329.5	3.0
Amdahl		338p	+10	881p	302¼p	379.6	0.9
Amer Cyanamid		36	+⅞	39⅝	31¼	3,245	2.9
Amer Express		20¾xd	–⅛	21⅝	14⅞	9,985	3.1
Amer T & T		41⅞xd	+1/16	42¼	33⅛	55,107	2.0
Ameritech		53	+¾	54½	46	23,205	4.4
BankAmerica		30¾xd	+⅜	38¼	27⅛	10,587	2.9
Bankers NY		52¼xd	+1⅝	52⅛	42⅝	4,183	3.8
Bell Atlantic		39½	+1⅛	39½	32¼	17,160	4.3
BellSouth		37½	+¾	39⅝	32⅞	18,525	4.7
Bethlehem Steel	♥	11⅞xd	–⅛	13⅝	10	1,060	–
Bowater		1335pxd	+47	1662p	1267p	483.8	1.9
CPC		27¾xd	+⅜	34⅝	28	4,146	3.0
California Engy		1234p	+21	1479p	1086p	224.7	–
Chase Manhattan		22¾xd	+¼	24½	17⅞	3,463	3.4
Chrysler		31⅛xd	+1	37⅜	21¼	6,206	1.2
Citicorp		21⅛xd	+¾	21¼	13¼	7,768	–
Colgate-Palm		38xd	+⅞	45⅝	35⅛	6,067	2.4
Cont'l Bank		1665p	+82	1677p	1278p	1,662	2.3
Dana		35⅛xd	+⅛	36⅞	29⅞	1,672	2.9
Data General		605p	—	951p	587p	167.2	–
Decora Inds	♥	136p	—	146p	109p	–	–
Dun & Brad		40	+1⅛	42⅝	37⅛	7,129	3.9
Eaton	h	28⅝xc	+⅝	31⅛	25⅝	2,036	2.4
Echlin		18⅝xd	—	18⅞	15⅞	1,061	2.3
FPL		25⅞xd	+⅛	27⅝	23¼	4,618	6.1

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
Anglian	♣Nq□	495	+11	553	456	1,465	5.6	9.4
Bristol Water	♣	[illegible]	—	945	775	62.7	4.3	♦
Chester A		343	—	345	195	17.2	4.1	♦
B N/V		318	—	318	190	7.82	4.4	♦
East Surrey		314	—	345	270	39.5	4.8	7.9
Mid Kent		300	—	305	244	61.2	4.4	♦
North West	Nq□	479	+11	533	431½	1,714	5.6	8.5
Northumbrian	♣Nq□	596	+4	652	547	390.1	5.0	8.0
Severn Trent	♣Nq□	475	+12	522	439	1,668	5.6	7.9
Southern	Nq□	466	+8	504	454	838.2	5.4	7.7
South Staffs	♣	1390	+30	1390	1225	72.8	4.4	♦
South West	♣Nq□	518	+12	568	465	647.0	5.7	8.5
Thames	♣N□	490	+13	552	454	1,911	5.4	9.6
Welsh	†□	575	+5	612	506	838.7	4.7	8.6
Wessex	♣□	595	+6	*640	536	727.8	4.6	9.2
Yorkshire	♣Nq□	493	+10	593	473½	880.1	5.4	8.4

SOUTH AFRICANS

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£10¾	—	£10¾	£7½	887.1	8.5	8.9
Barlow Rand		93½	-¼	£10⅝	£8⅜	1,274	6.3	3.7
Gold Flds Prop		168	+1	168	49	70.8	9.4	9.0
MK Props	♣	85	—	97	82	3.42	15.4	3.5
UK Bazaars		79	+1	115	70	79.3	2.6	—
SASOL	♥	399	-4	390	315	1,829	6.4	♦
SA Brews		880	+6	886	753	4,881	3.1	14.8
Tiger Oats		680	-13	750	528	801.3	2.8	13.7
Tongaat-Hulett		332	+2	336	212	288.7	4.4	9.8

PLANTATIONS

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Rubbers, Palm Oil							
Anglo-East	♣	46	—	46	36	12.8	3.8
Bertam	♣	113	—	115	65	23.1	5.6
Cons Plants M$		48	—	56	42	298.2	8.2
Golden Hope M$		37	—	46	37	389.5	6.0
Highlands M$		34	—	39	34	110.8	11.6
Kuala Kepong M$		76	—	83	74	365.4	4.9
Rowe Evans	♣	60	—	56	41	19.2	4.7
Teas							
Williamson		440	—	600½	325	14.1	6.2

MINES

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Central Rand							
Durban Deep		676	-20	700	120	75.7	—
East Rand Prp		245	-23	270	54	40.7	—
Randfont'n Est		917	-12	929	150	377.2	4.8
West Rand		62	—	65	45	2.84	—
Eastern Rand							
AFMIN		1	—	1	0½	0.24	10.0
Bracken	†	43	-6	46	16	5.02	29.2
East Daggs	‡	185	-6	185	62	13.1	‡
Eastern Trans		37	—	62	16	40.6	4.3
ERGO		193	-5	281	47	82.1	8.3
Grootvlei		188	-5	187	49	19.3	6.0
Kinross	†	913	-43	980	332	164.3	3.5
Leslie	†	116	-1	135	25	18.0	3.5
Randex		16	—	20	4	0.81	—
Winkelhaak	†	930	-6	939	323	118.5	1.1
Far West Rand							
Blyvoor		116	-3	128	33	27.4	5.4
Buffels	†	780	-44	871	233	84.8	5.1
Deelkraal		135	-16	167	37½	134.4	4.5
Doornfontein		84	—	98	7	25.8	—
Driefontein		850	-14	918	308	1,760	3.8
Elandsrand		480	-42	522	117	475.2	2.5
Hartebeest		379	-17	414	87	424.5	5.1
Kloof		856	-16	913	319	1,245	2.1
Southvaal		1767	+32	1826	84¼	458.4	1.3
Stilfontein		105	+1	109	16	12.7	8.0
Vaal Reefs		230½	+½	£32⅝	£16	870.0	4.4
Western Areas		250	-22	285	26	180.8	2.9
Western Deep		£22⅝	-⅜	£24½	£5⅝	647.8	2.7
Zandpan		65	—	69	16	82.0	1.1
O.F.S.							
Beatrix		388	-19	400	150	230.6	3.7
FS Cons		705	-10	836	202	937.9	6.5
Free State Dev		50	—	50	8	11.1	—
Harmony	‡	318	-34	360	78	88.5	‡
Joel (HJ)		35	-3	45	14	34.3	—
Loraine		150	-9	168	43	28.0	—
St Helena		686	-12	695	191	53.7	4.3
Unisel	†	171	-2	204	58	47.9	1.8

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Greenwich Res	♣□	18½	-1¼	22¼	5	14.8	—
Hamlo Gold C$		£7½	-¼	£7¾	£3½	725.7	1.2
Ivernia West IE	‡‡□	40	+1	57	31	30.1	—
Kalta Mnls IE	‡‡	13	—	13	6	0.31	—
Kenmare	♣□	9	—	13½	6	9.07	—
Malinga Res		14½	-½	28½	13½	1.80	—
Navan Res IE	♣	88½	-½	100	25	14.7	—
5pc Ln Notes		88½	-½	84¼	25	16.5	—
Oryx Gold		76¼	+1	78¼	47	—	—
‡‡Ovoca Res IE		3½	—	3½	3½	0.24	—
RTZ	♣N□	679	-2	709	607	7,014	3.8
Vizcaya	♣	5¼	—	5¼	2¼	3.08	—

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend Covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim [illegible] available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- Price at time of suspension
- Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
e Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
Y Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1295 a year for each security shown, subject to the Editor's discretion

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FINANCIAL TIMES
Weekend July 10/July 11 1993

Littlechild intends to maintain squeeze on charges

Electricity regulator sets energy-saving incentives

By David Lascelles, Resources Editor

INCENTIVES for greater energy saving by electricity users were included for the first time in a new set of electricity price controls yesterday.

Professor Stephen Littlechild, the industry regulator, is proposing that electricity distributors spend £1 on energy efficiency per customer each year – or £100m over the four years that the controls will last.

He also removed incentives which enable electricity companies to make profits just by selling more electricity rather than by being more efficient.

The package of measures unveiled by Prof. Littlechild is part one of a two-year review of prices in the privatised regional electricity companies (RECs). Although this stage affects only the supply business, which accounts for 10 per cent of REC operating profits, it indicates that Prof. Littlechild intends to tighten steadily the squeeze on electricity prices.

He has set a basic limit of £10m on the costs RECs can pass on to their customers, plus an allowance for the number of customers and units of electricity sold. He is also restricting price rises to the rate of inflation minus two percentage points a year.

However, he will grant an extra allowance for RECs which have exceptional costs because of factors such as high customer turnover or bad debts.

The company receiving the largest allowance is London Electricity with £6m. It was not clear whether the company saw this as enough. A spokesman said there would be no comment until the board had reviewed the proposals. Any REC can appeal to the Monopolies and Mergers Commission against the regulator's actions.

Other RECs said the package looked tough but manageable. Mr John Harris, chairman of East Midlands Electricity, said: "It is challenging. But we're very supportive of his approach because he will be rewarding efficiency."

Householders will not notice any immediate change from the new controls, which do not take effect for a year, and the impact of the next stage of the review, of electricity distribution prices, will be much bigger.

But Prof. Littlechild said yesterday's measures would produce a small cut in prices, and oblige RECs to be more cost-conscious. He also confirmed his intention to remove all price controls for customers using more than 100KW a year, starting next April, as part of a move towards total deregulation by 1998.

On the stock market there was relief that the controls were less tough on the RECs than feared. But there was disappointment in the energy efficiency industry at the size of the savings.

See Lex
London Shares, Page 15
Bottom Line, Weekend II

Serbian president releases opposition leader

By Laura Silber in Belgrade

SERBIAN President Slobodan Milosevic ordered the release of jailed opposition leader Mr Vuk Draskovic and his wife Mrs Danica Draskovic yesterday, Serbian state-run television reported.

Mr Milosevic said, in his statement announcing a pardon, that "the events accompanying the legal proceedings against Vuk Draskovic are creating a very ugly picture".

Mr Milosevic said Mr Draskovic was being freed because of "the media campaign in countries which have introduced a blockade against our state and the Serbian people because of its battle for equality".

The pardon follows intervention by Western leaders, and came only a few hours after the German government and US President Bill Clinton pressed for the release of the couple. Mrs Danielle Mitterrand, wife of the French President, visited Belgrade earlier this week in an attempt to secure their release.

Mr Draskovic, head of the Serbian Renewal Party, the country's largest opposition group, and his wife, were arrested on June 1 after anti-government demonstrations in Belgrade. One policeman was killed and 28 people were injured in the protests.

Police beat the Draskovics severely in custody. They were later hospitalised, under heavy police guard.

Mr Draskovic went on hunger strike on July 1 in protest against his detention.

Doctors treating Mr Draskovic in the main Belgrade hospital appealed to the district court on Thursday, warning that he could die in "a matter of hours".

Despite the appeal, the court earlier yesterday refused to release Mr Draskovic.

Groups of people gathered in Belgrade's central square last night after news of Mr Milosevic's statement. Opposition parties had earlier called demonstrations for today in support of Mr Draskovic's release.

In Sarajevo, the first cases of typhus were reported yesterday as the United Nations High Commissioner for Refugees warned that the city was on the "brink of disaster".

Bosnia radio reported an outbreak of seven cases of typhus and 700 cases of dysentery in the capital.

Mrs Sadako Ogata said fighting, blockades of convoys and lack of funding had crippled the UN agency whose aid operations throughout Bosnia-Hercegovina had reached a virtual standstill.

Sarajevo remained without water and electricity as relief workers warned of the spread of epidemics.

UN officials said the entire health system had broken down without supplies of diesel to power generators.

Ukraine threat to keep N-arms as Russian parliament claims port

By John Lloyd in Moscow and Chrystia Freeland in Kiev

THE RUSSIAN parliament claimed control yesterday of the naval port of Sevastopol, the main base of the disputed Black Sea Fleet, opening the vexed question of control of the Ukrainian region of Crimea.

Ukrainian officials in Kiev denounced the move as "tantamount to a declaration of war" and said the Russian claim would make the Ukrainian parliament more likely to assert full control over the nuclear missiles stationed on Ukrainian territory.

A resolution "confirming the Russian federal status of Sevastopol" was passed by 166 votes to 1. It also decreed that the Russian government negotiate on the use of Sevastopol as a base for a "unified" Black Sea fleet.

This would be a direct contradiction of the agreement between the presidents of Russia and Ukraine to divide the fleet 50-50, a move which has angered many Russian officers and drawn protests even from General Pavel Grachev, the Defence Minister.

A further clause was added before the vote which demanded that the Ukrainian government, "in order to avoid an increase in tension", withdraw its "special units located in the area" – that is from its own territory.

The decree gave no details of how demands for Russian possession of Sevastopol was to be carried through – and the Russian government, as well as Mr Boris Yeltsin, the Russian president, is likely to ignore the decision.

Mr Dmytro Pavlychko, chairman of the parliamentary commission on foreign affairs, warned that the stand-off over Crimea could easily escalate into "a situation like that in Abkhazia or the former Yugoslavia".

He said the Ukrainian parliament could react to the Russian move by asserting operational control over the nuclear weapons. Last week, parliament claimed ownership of the weapons, but Ukrainian leaders insisted they had no plans to develop positive control over the weapons on their territory.

"The nuclear problem cannot be resolved now," said Mr Pavlychko, one of the main policy makers on nuclear issues. "How can we give up our weapons to a neighbour which is making territorial claims on us?

"Maybe now we must say we will seek operational control over the missiles on our territory."

American experts believe Ukraine has the know-how to assert control over the weapons, although they fear Russia could react to Ukrainian efforts to take control over the missiles with a pre-emptive military strike.

Mr Pavlychko said that the situation could still be defused if Mr Yeltsin distanced himself from parliament's declaration.

Bank chief gloomy, Page 3

Tiphook

Continued from Page 1

So far this year, TSB, Fidelity and Gartmore have each reduced their shareholdings to below 3 per cent.

These shareholders have been replaced largely by US investors, who now hold at least 18.7 per cent in the form of American Depository Receipts.

Before news of the accounting change, analysts had been expecting Tiphook's pre-tax profits to be down from £86m to about £75m.

G7 seeks end to trade talks

Continued from Page 1

"has not yet seen any piece of paper". Mr Gergen said it was "within the realms of possibility" that there would be an announcement before Mr Clinton leaves for Seoul, but it was equally possible that nothing would be forthcoming.

The president, he said, would have to approve what could be a complicated document and was also due to attend bilateral talks with Russian President Boris Yeltsin this morning.

US officials have been careful not to raise expectations that such an important deal could be reached in Tokyo with a Japanese government facing elections next week. The US has felt that it is better to sign a solid agreement than a hasty one.

Japanese officials said the talks on a proposed trade framework had narrowed the differences between the two governments but had not eliminated them.

Even late yesterday afternoon Mr Miyazawa was sending his negotiators revised instructions.

THE LEX COLUMN

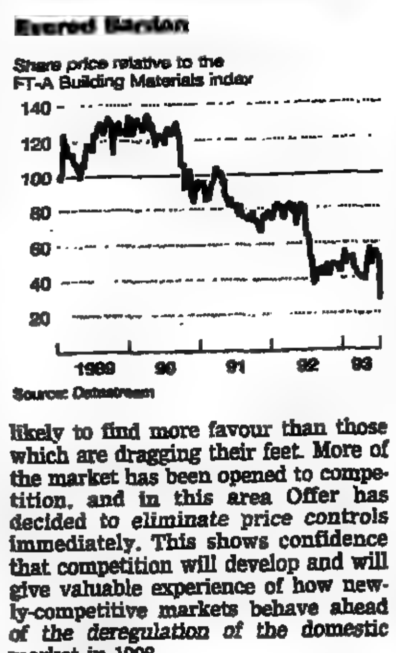
Germany out in front

It is tempting to see this week as one of turning points. The main industrial countries made a breakthrough in the Uruguay Round of trade liberalisation. Frankfurt equities surged 6 per cent on the unlikely-sounding belief that the German economy had both reached its nadir and that the Bundesbank was set to accelerate the pace of interest rate cuts. An end to Europe's high interest regime would indeed be a relief, but there is a risk of excessive expectations both for that and for the Uruguay Round.

The thought that the German economy might be on the turn must worry US and UK funds who are underweight in German equities. But, on a market multiple of more than 20 times next year's earnings, shares are not exactly cheap. The Bundesbank might cut rates sharply to help the French franc. Or, as before, it may do just enough to keep France in the ERM. That will not do much for growth in either country. Besides, if European rates do come down, French shares may benefit more than German. Swiss companies would derive a greater earnings boost from any concomitant appreciation of the dollar.

The rush of interest in Germany may owe something to the feeling that equity markets elsewhere look unexciting. That consideration may also help keep money flowing into bonds despite the pressure of industrial country budget deficits. As for the Uruguay Round, it will be a long time before last week's breakthrough is translated into non-inflationary growth. That the Round has been saved from collapse removes a downside risk for equities just the same.

FT-SE Index: 2843.2 (-2.7)



Source: Datastream

UK electricity

Kremlinologists will doubtless comb through Professor Stephen Littlechild's report into the electricity supply business. While supply to customers accounts for only 6 per cent of the cost of electricity to domestic customers, the regulator's attitude to the more significant electricity distribution business might shine between the lines of the report. At first sight, the supply review suggests an easy ride for the regional electricity companies. Not only was the RPI-X price cap tightened less than expected, but the RECs have been granted a 20 per cent increase in their allowable costs.

Yet there were hints that next year's distribution review would be tougher. Companies such as Eastern, which have got on with cost cutting, are likely to find more favour than those which are dragging their feet. More of the market has been opened to competition, and in this area Offer has decided to *eliminate* price controls immediately. This shows confidence that competition will develop and will give valuable experience of how newly-competitive markets behave ahead *of the deregulation of the* domestic market in 1998.

The regulator is also developing a yardstick to monitor REC costs which, while not yet a formal benchmark, may become so if price regulation is still needed after the market is fully opened up. However, while life will doubtless become tougher for the RECs as competition increases and *regulation tightens, their* financial position means that they will still be able to generate strong dividend increases for the *foreseeable* future.

Evered Bardon

Evered Bardon had little choice but to raise fresh equity. Its debt was a burden even before sterling's devaluation inflated the cost of servicing dollar-denominated loans. Disposals were the obvious answer, but for the fact that its most saleable asset – the Civil & Marine dredging business – was valued in the accounts £60m above current market value. For a company uncomfortably close to breaching its banking covenants, that write-down would have been too much to bear.

Even after yesterday's £72m rights issue and assuming C&M is now sold, Evered Bardon will be perhaps 45 per cent geared. Since it expects to leak cash again this year and be at best cash neutral next, debt might yet nose higher again. Having relaxed its covenants, there *is little* immediate danger from the banks. But neither has management an entirely free hand. That might not matter if it could promise a speedy profits recovery from the existing businesses. While the prospects in the US are encouraging, there is scope for disappointment in the UK – especially if the government's road building programme falls victim to the *November* Budget.

On that basis, the rights issue looks more like a running repair rather than a thorough overhaul of the balance sheet. Evered Bardon's assets might be worth more to an owner with the financial muscle to solve its problems once and for all.

Champagne

Rémy Cointreau's results this week were enough to make even the best champagne go flat. Its margins on the bubbly drink fell to just 7 per cent from 15 per cent and, due to the continuing pressure of high grape prices, there is unlikely to be much relief this year. Rémy, of course, is not alone. Margins at LVMH, in which Guinness has a 24 per cent stake, fell 9 points to 15 per cent last year and are still headed down. The producers say the problem is basically cyclical. Margins should eventually recover as grape prices come down, surplus stocks are sold and economic recovery encourages consumers to trade up.

Such optimism is based on past experience of the notoriously cyclical industry, but it may not be so easy to put the fizz back in the bottle this time round. Whereas spirits producers can raise margins by exploiting new markets in the developing world, champagne is traditionally a first world drink. Sluggish growth and low inflation in industrial countries may cause consumers to remain more careful about what they spend.

Nor, despite their dastardly onslaught on elderflower cordial, have champagne producers done much to protect their brand. Price cutting and the launch of cut-price *petits champagnes do not enhance its image*. Producers may assume this can be corrected as the surplus disappears. Given the growing market for high quality *méthode traditionelle* sparkling wines, though, they *risk* creating a permanent reduction in the base from which premium brands are priced. The cachet of champagne could then waft away like the once-expensive smoke of a Marlboro cigarette.

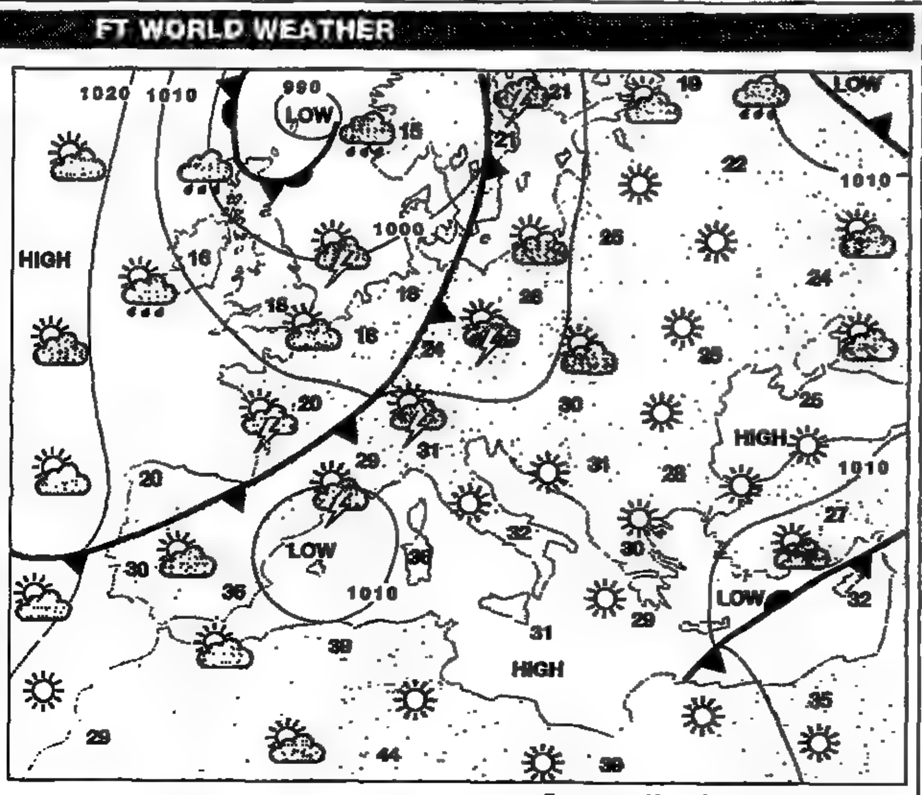
FT WORLD WEATHER

Europe today

A front moving across Germany and France *will divide sunny warm conditions in the* south-east from unseasonably cool weather in the north-west. Along and ahead of the front, there will be bands of rain and thunder showers. The heaviest thunder storms are *expected in the northern and western Alps.* One or two heavy showers will also occur in central and northern Sweden. The same front will produce cloud over Spain but there will be no showers. In Portugal, low pressure is *drawing very warm air north from Africa.* Unseasonably hot conditions will also develop across much of the western Mediterranean including Sardinia and Sicily.

Five-day forecast

By Tuesday, the low pressure system over the North Sea will have moved to the Norwegian Sea. Numerous thunder storms will break out over Poland and western Russia. Most thunder storms tomorrow will be confined to the Czech Republic, Austria, and western Poland. Rain will arrive early in the week across Ireland and England. By Tuesday and Wednesday, the rain will reach northern France and the Low Countries. Southern Europe will be mostly sunny and hot, especially in the south-east.



Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius							
Abu Dhabi	sun	42	Berlin	shower	24	Chicago	thund	33
Accra	thund	29	Bermuda	sun	29	Cologne	fair	20
Algiers	fair	38	Birmingham	thund	17	Copenhagen	shower	18
Amsterdam	shower	18	Bogota	rain	19	D' Salaam	shower	28
Athens	sun	30	Bombay	rain	30	Dakar	fair	30
Bangkok	cloudy	34	Bordeaux	fair	20	Dallas	sun	35
Barcelona	fair	30	Brussels	fair	19	Darwin	fair	30
Beijing	cloudy	29	Budapest	fair	30	Delhi	thund	36
Belfast	rain	16	Buenos Aires	fair	10	Dubai	sun	39
Belgrade	sun	32	Cairo	sun	35	Dublin	shower	17
			Cape Town	fair	17	Dubrovnik	sun	31
			Caracas	shower	29	Edinburgh	rain	16

Faro	sun	26	Majorca	fair	35	Rangoon	thund	32
Frankfurt	shower	24	Malta	sun	31	Reykjavik	fair	13
Geneva	thund	24	Manchester	shower	16	Riyadh	sun	42
Glasgow	windy	14	Manila	cloudy	32	Rome	sun	30
Hamburg	shower	18	Melbourne	sun	15	S' Francisco	fair	22
Helsinki	fair	21	Mexico City	hazy	21	Seoul	shower	27
Hong Kong	thund	32	Miami	fair	32	Singapore	thund	28
Honolulu	fair	31	Milan	fair	31	Stockholm	rain	21
Isle of Man	shower	15	Montreal	cloudy	29	Strasbourg	thund	23
Istanbul	sun	28	Moscow	sun	22	Sydney	sun	18
Jersey	shower	17	Munich	thund	25	Tel Aviv	fair	31
Karachi	fair	30	Nairobi	fair	24	Tokyo	fair	26
Kuwait	sun	44	Naples	sun	32	Toronto	fair	23
La Paz	cloudy	17	Nassau	sun	32	Tunis	sun	37
Las Palmas	sun	25	New York	sun	36	Vancouver	fair	21
Lisbon	fair	21	Nice	fair	28	Venice	sun	29
London	shower	18	Nicosia	sun	36	Vienna	shower	29
Los Angeles	hazy	28	Oslo	shower	17	Warsaw	fair	[illegible]
Luxembourg	fair	18	Paris	fair	20	Washington	sun	37
Lyon	thund	24	Perth	fair	17	Wellington	cloudy	13
Madeira	fair	24	Prague	shower	26	Winnipeg	shower	18
Madrid	fair	32	R' de Janeiro	sun	26	Zurich	thund	23

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Weekend FT

SECTION II

Weekend July 10/July 11 1993

Riding the rails past the ruins of Russia

First it was the nobility, then the party bosses. Today, western tourists are the priviligentsia, reports ***Christian Tyler***

ENSCONCED in their berths of polished mahogany and brass, lounging in the bar, or snuffling up delicacies in one of three decorated dining cars, the new *priviligentsia* stared out at the bleak Russian landscape. Towns and villages presented the same derelict face: cracked apartment blocks and crumbling factories, roads rutted and strewn with abandoned concrete piles and coils of rusty wire. Only the painted wooden cottages inside their picket fences revealed these places to be habitations of human beings.

At each halt, through windows locked shut for security, the travellers met the gazes of the disinherited proletariat on the platform outside. Children waved, the adults merely stared. Their stares conveyed nothing, neither amusement, wonder nor resentment.

Once, it was the languid aristocracy who travelled like this, commuting between their palaces in St Petersburg or Moscow and their country estates. Then came the bureaucracy, the peasant-workers of the politburo, preaching sacrifice in public but pampering themselves in private. Now, it is the turn of the foreign capitalist plutocracy, bearing bundles of the only commodity of value in Russia today: US dollars.

The Bolshoi Express is half a mile of luxurious rolling stock built during the 1950s to trundle senior apparatchiks round the Soviet empire for their urgent meeting-and-drinking engagements. Krushchev probably slept here. The train has been assembled as a private joint venture by astute freelancing servants of the Russian railway and a British tour operator.

Its itinerary could be described in various ways: as a romantic ride through history, from St Petersburg on the Baltic to Tashkent in central Asia, from one end of the tsars' empire to the other; or as an expensive way to smuggle free-spending westerners safely through a collapsing country.

On the second night in St Petersburg, passengers on the inaugural run were bussed (no walking after dark) to the Shuvalov palace on Nevsky Prospekt for a reception and banquet under chandeliers. Champanski, wine and vodka flowed and a plump coloratura from the Kirov sang Tchaikovsky love songs. But for the guests' couture clothes and county accents, it might have been a routine communist bacchanal.

Later, at the five-star Hotel Astoria, reality intruded. Two men – one young, one old, both drunk – lurched in off the street and made for the bar. "I say, you're drunk," observed an Englishman, who was pretty drunk himself. The young man replied by opening his jacket, pulling a gun from his waist-band and pointing it at his interlocutor's midriff. "What's that for? Put it away," expostulated the Englishman. The old man intervened, motioning to the other to comply. "Is for my son protection," he explained, thickly. "He is security man. Afghan veteran."

Russia is an "emerging destination" according to the suave Old Etonian responsible for piloting this first cargo safely through the criminal shoals. *Moscow Life*, an English-language sheet, was more explicit. "It's heartening to report that fewer crimes have been committed against foreign nationals in Moscow," it said. "All sizeable criminal syndicates are pre-occupied with sorting out relations between themselves." It went on to itemise the haul of weapons in recent traffic checks in the city: "Over 40 sub-machine guns, three grenade launchers and 17 hand grenades, over 2,000 rounds of ammunition and 11 home-made bombs."

Bussed hither and thither to museums, palaces and churches, dropped briefly at photographic vantage points chosen for them by their guide, the passengers of the *Bolshoi Express* were shielded from the worst. Unless they struck out on their own, they were unlikely to encounter anything more alarming than a few begging urchins and gipsies.

Yes, Russia is an emerging destination. Recently, a South African paper manufacturer took 400 prospective clients on a wining and dining weekend to St Petersburg, a city with a freeze-dried, classical face now rotting away like an old crone's behind her face powder. Among the principal attractions of this tour were two dozen security guards supplied by Group 4, a British company which, some months ago, won a contract to escort prisoners in the UK – and promptly lost several.

A complete reversal of values has taken place. Visitors to the Soviet Union in the bad old days were, of course, permitted to see the Hermitage museum in Leningrad and the Kremlin churches in Moscow. But their Intourist guides discouraged too heartfelt an admiration of the past. ("What is that church over there?" "Is not church. Is museum of atheism").

Instead, they were invited to applaud health institutes, nursery schools, war memorials and palaces of culture. Privileged visitors were taken to locomotive works, power stations and collective farms – champions of socialist emulation – where they were smothered in statistics before being sat down to a gargantuan banquet. "To peace!" the party cadres would cry, their eyes moist with sentiment and vodka. "To peace and brotherhood!" But movement was restricted severely and there were no plugs in the hotel basins.

Today, there are mixer taps and bathrobes in the foreigners' hotels and the Intourist guides have gone freelance. There is no more talk of housing starts and irrigation schemes, only of tsars. Teenagers are free to skateboard in front of the Winter Palace, the frozen baby mammoth is on a fund-raising tour of the US, and the tourist is free to travel where he will – or dares.

The band played as the party embarked on the train. A girl with a pale, Mongol face looked out from the adjacent train and turned quickly away. The champagne was broken out, the steam locomotive admired, the whistle blew and everyone went to dress for dinner. "In the evening," the dress code said, "gentlemen are requested to wear jackets and ties for dinner, although black tie is not necessary."

There were fresh flowers in each sleeping compartment and a *Daily Telegraph* map of the former Soviet Union; in the carpeted lavatories, copies of *The Spectator*, *Vanity Fair* and *Hello!* magazine. Dinner was announced and the party assembled, as elegant and out-of-place as Agatha Christie's characters in *Death on the Nile*.

The girlish blue eyes of the Historical Novelist had been left undimmed by the sight of sweating heaps of humanity at the railway station. The Tax Exile appeared, nattily-dressed as ever, and coolly oblivious of the poverty he had seen. Their friend, the Belgravia Doctor, drank the night away with nary a glance at the world outside the window.

The solitary figure reputed to be The Man From *The Times* clung close to his fellows: knowledgeable about the past, he seemed strangely bewildered by the present. The Rugby Player – apparently some sort of businessman – grunted laconically. The Prawn King from Tyneside retained his Geordie humour throughout – until he was mugged by gipsy children on his way home through Moscow.

The Ballerina added a final touch of other-worldliness. Natalia Makarova, former prima ballerina of the Kirov, had been invited to join the train along with her Lebanese-American businessman husband and their 15-year-old son, Andrusha. She was followed at every step by a BBC cameraman, a producer-director and a girl with a clipboard, while she packed and unpacked, ate and drank, and talked about how it felt to revisit the country from which she absconded in 1970. The fare-paying passengers thus found themselves unwilling extras in a three-dimensional travelogue: looking at themselves being filmed looking at Makarova while she looked at Russia.

■ Continued on page X

CONTENTS

The Long View / **Barry Riley**

Pensions? That's rich!

COULD THE government possibly be against motherhood, apple pie and pensions? Well, pensions, anyway? When former chancellor Norman Lamont reduced the tax credit on UK company dividends from 25 to 20 per cent in his March Budget, the pensions industry was torn between pretending nothing had really happened and pressing the panic button.

A deafening silence followed while the Society of Pension Consultants calculated that the change would cost occupational pension funds some £500m in lost income, with holders of personal pension plans losing another £100m.

Measured against the scale of total assets of the order of £500bn and annual investment income of about £20bn, these are perhaps insignificant sums in themselves. But the Treasury has begun to attack the tax privileges of pension funds. Moreover, it has done it in a sneaky way, pretending that its main objective was to help companies rather than raise revenue.

Now, the pensions industry has decided that fire must be returned against the snipers. A body with the catchy title of the Occupational Pension Schemes Joint Working Group has protested that the tax structure for pension schemes must be preserved. More broadly, the National Association of Pension Funds has launched a campaign dubbed *Pensions: Securing the Future*, posing the threat of a "pensions under-class" as state pensions dwindle in size and the coverage of occupational schemes becomes more patchy.

There is certainly a case for clearer thinking on pensions. The government appears to have got into a muddle over its tax policies. On the one hand, it expended enormous efforts and large amounts of money in the 1980s in promoting personal pension plans (of which there are now 4.5m holders). But now it is eroding the tax relief which has made such pension plans attractive.

Interestingly, Peter Lilley, the social security secretary, added his own angle to the pensions debate this week through his statistical document *The Growth of Social Security*. His concern was to prevent the bill for social security outstripping the nation's ability to pay. For the time being, pensioners pose less of a problem than other groups dependent on state support, such as single mothers. But as we move into the 21st century and the demographic balance changes, the elderly may become more of a burden.

The basic case for state involvement in pensions is that if people become destitute in old age, the state will have to sustain them, anyway, so it is wise to arrange a long-term financial structure through which the retired can be supported. This can be done either through pay-as-you-go systems, in which contributions are recycled immediately to pensioners (which is how the state scheme works), or by the build-up of occupational or personal funds.

A subsidiary argument here is that savings should, in any case, be encouraged for various reasons. Yet, Inland Revenue-approved pension schemes are, in many respects, poor ways of doing this because they lock people's savings away for decades in remote funds and institutions of sometimes dubious security; force them to take a certain type of income benefit; and destroy the option of passing personal wealth on to the next generation.

In any case, the anti-destitution motive has become confused by the exploits of the well-advised rich. Thus, we have the example of Sir Anthony Tennant, retiring chairman of Guinness, taking legitimate advantage of tax reliefs to collect a £500,000-plus annual pension. Should the government really be supporting this kind of benefit level though tax concessions?

In fact, several years ago the government imposed a "cap" on qualifying incomes; this year, it has been frozen at £75,000 rather than rising in line with inflation (Sir Anthony escaped this, as do all employees who joined their schemes before 1989). This ceiling is surely too high; even so, it has attracted great fury from pensions professionals, which shows the extent to which pension regulations have become turned into a great middle-class tax break rather than a solution to the problem of poverty in old age.

The poor are always with us, but many retired people are now unusually prosperous. Occupational pension schemes have been heavily in surplus, and have been able to top-up pensions in line with inflation to a greater extent than ever before. Many old people also benefited from the extraordinary house price boom of the 1980s.

Between 1986 and 1991 inclusive, equity withdrawal (the extent to which new mortgage lending exceeded physical investment in housing) averaged about £14bn a year, according to the Joseph Rowntree Foundation's new *Housing Finance Review*. Retired people will have received much of this. But equity withdrawal collapsed to £3.5bn last year, and the housing miracle cannot be worked again in the foreseeable future.

If we are to have a debate on retirement provision, my initial position would be to say that we should preserve and improve basic state provision and encourage a funded second tier up to twice average incomes. Beyond that, people should be left to accumulate their own wealth. They could still be given access to tax-sheltered investments like personal equity plans.

This is not the kind of emphasis that the NAPF itself would make, given that it represents wealthy corporate schemes. Nor would it please the host of consultants who make most of their living by selling tax-saving schemes to executives in small private companies. But if the "cap" were brought lower down the income scale, it would still be possible for companies to offer various other employee benefits should they wish to do so. As for pensions, the arguments could be focused more accurately on the problems of the poor rather than, as too often happens now, on the needs of the rich.

MARKETS

London

Grumpy or Happy? City looks for clues

By Maggie Urry

ALL HAS not been well in the square mile this week. The City of London has been transformed into a besieged city.

Taxi drivers have become ever more grumpy as they attempt to dodge the bollards to enter the enchanted circle. Workers whistling their way to offices have found their roads blocked. It must be part of a complex plot by the administrators of Canary Wharf to persuade banks and brokers to *relocate to docklands.*

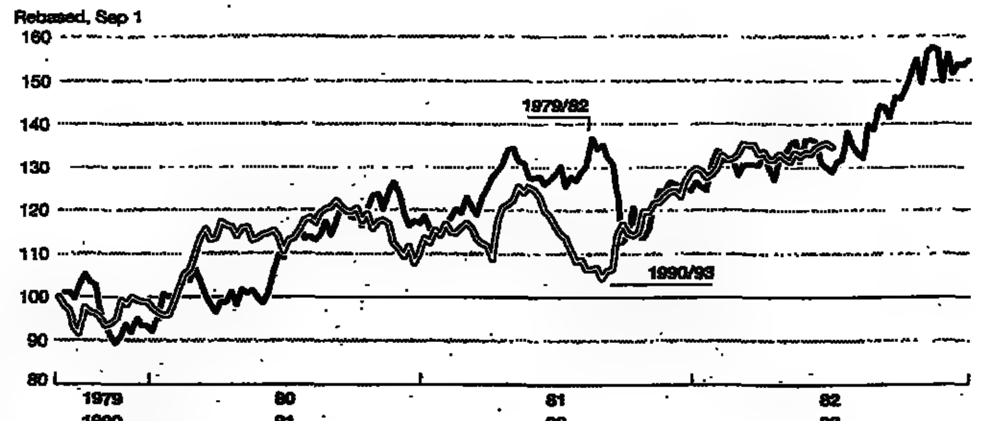
Perhaps it was the road blocks which caused turnover in the equity market to fall this week, and the Footsie index to move into "a consolidation phase", the strategists term for going sideways.

Or possibly the start of a new half year has allowed fund managers to enter a more sleepy phase, keeping their books – already dressed up for the end of June valuations – prepared for the BT3 sale, the forthcoming interim results season, and their holidays.

There has been little in the way of good UK economic news to shake them from their dopey state. The seven wise men said the economic recovery would be slow and patchy; car sales are strong but the housing market is stalling; consumer credit figures were lower in May than they had been in April and March; but the M0 measure of money supply is running above target.

The UK market seemed unimpressed too – at least initially – by the Tokyo summit. *A breakthrough on the Gatt* talks, which promises lower tariffs and increased world trade, should be welcome to all. But it took the US market's rise on Thursday to demonstrate to London that this happy news might be translated into higher share prices.

So it was Friday before the Footsie was showing a bashful rally just regaining the week's opening level before lunch. But then a weaker Wall Street opening had the market slipping again, to end the week 14.5 points down at 2843.2.



Source: FT Graphite

This will not deter the bulls. The chart, which the boffins at Nomura Research Institute dreamed up, shows how the FTA-All Share index rose over the period from September 1979 to the end of 1982, and how the same index has been moving since September 1990. The two periods cover roughly the same parts of the recession and *recovery cycle.*

The two lines follow a remarkably similar pattern. If that continues, the market has further to rise. But it will take some good news to prompt that.

There has been a revival of hopes of lower base rates, partly as the word from Mount Fuji is that interest rates around the world need to fall further. At BZW the strategists have revised their forecast for base rates at the year end from 5¼ to 5 per cent, though they do not expect a cut until the autumn. Its not much, but it helps.

Bulls are awaiting the results season, which kicks off towards the end of this month, for positive news of how companies have performed in the first two quarters of economic growth. If all goes well, earnings forecasts for 1993 should be underpinned or even raised *as the season progresses.*

Companies which do not match up to expectations will be severely punished, as some found out this week.

All has not been well in the Magic Kingdom. Euro Disney warned on Thursday that it would make a loss this summer, its second summer season since opening the EuroDisneyland theme park near Paris. Its shares slumped 145p to 638p in London between the announcement on Thursday and Friday's close.

The concern is that Euro Disney's problems are not just a sneezy, summer cold, but a *bout of double pneumonia.* Doc Walt Disney has been called in from the US to administer a financial injection.

Euro Disney has had to shelve plans to expand the theme park, and is looking at raising extra capital. All in all, those who wished on a star and invested in the great European leisure complex will have to wait a long time for their dreams to come true.

All has not been well, either, in the UK holiday industry. Owners Abroad, the tour operator which squeaked a win against a hostile £294m bid from Airtours four months ago, has discovered that its current year profits will be about half the number the City was expecting.

A rapid downward revision of forecasts to around £11m, and the departure of the chairman and the director in charge of tour operations, cut the shares from 98½p to 66p on Thursday, although they rallied on Friday to 72½p. The Takeover Panel was opening an investigation into some of the things Owners was saying at the time of the bid.

There has been some good news though. Greycoat, the property group, has found its fairy godmother in the unlikely shape of Alastair Ross Goobey, the chief executive of Postel the largest pension fund in the UK. His fund has underwritten a £120m rescue package, which underlines the rising enthusiasm for commercial property.

Like Postel, 3i the venture capital fund, has money it is keen to invest. It announced results this week showing pretax profits up 39 per cent to £56m in the year to March, despite some nasty provisions *such as a £72m write-off* against its stake in Isosceles, the Gateway food retail group.

3i has been cashing in a number of earlier investments as management buy-outs float on the stockmarket. Now it has nearly £1bn to invest, but is lacking takers. That is another indication that economic recovery is proving slow.

If 3i cannot find sufficient homes for its money, Granada, the leisure group can. This week it took its stake in LWT, the London weekend television station, to 20 per cent and opened discussions to see how the two companies could help each other. *Coming on top of* other recent investments in the sector, the market in television shares has been turned on.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	2843.2	-14.5	2957.3	2737.6	Economic slowdown fears
Anglian Water	495	+25	553	455	Waters strong on yield support
British Aerospace	405	+23	429	165	Refinancing of banking facility
British Airways	297½	-10½	313	249	Goldman Sachs downgrade
Central ITV	2030	-45	2060	1615	Sentiment changes on TV stocks
Enterprise Oil	449	-24	521	397	Weak oil prices
Euro Disney	638	-132	1180	623	Profits warning
Lonrho	133	+10	135	70	Firm metal prices/J Capel appt
Midlands Electricity	508	+16	514	424½	Results/"Recs" firm on Offer report
Northern Foods	256	-19	290	242	Weak food manufacturers
Owners Abroad	72½	-29½	146	60	Profits warning
Sainsbury (J)	443	-24	584	442	James Capel downgrades sector
Tiphook	265	-40	332	173	Nervous trading ahead of figures
Westland	230	+40	230	121	Tribunal awards £395m damages
Whitbread A	477	-22	512	435	NatWest negative

Serious Money

Optional extras that bear watching

By Philip Coggan, personal finance editor

FUTURES and options are creeping gradually into the main stream of personal finance. More and more funds are being launched which use the products – for example, bear funds, which allow investors to profit from a falling stock market.

It is tempting to shy away from all these products because they seem either too complicated or too speculative. But futures and options can also be used for insurance. If you own BT shares, for example, you can buy a put option giving you the right to sell at, say, 400p. If the BT share price falls to 300p, you exercise your put and sell the shares at 400p. You have "insured" against the risk of a sharp fall in the share price.

If you bought a put without owning BT shares at all, that would be speculation. You would be gambling that the BT price would fall substantially so that the option would increase sharply in value.

Of course, you have to pay for this right. The cost of an option, like an insurance policy, is called a premium. A call option to buy BT shares at 420p in August now carries a premium of around 19p.

The existence of premiums creates another use for options; a way to get extra income. This is the technique Hypo Foreign & Colonial used to offer a 10 per cent income to investors. Its fund sells options to earn premiums, which it then pays out to investors as income.

A new unit trust, from Shore Capital Stockbrokers and Providence Capitol, uses similar strategies. Options will be sold against the trust's shares, with the aim of generating option income of 10-15 per cent a year.

Rather than being paid out to investors, this will be accumulated as capital gain (although a withdrawal plan allows those who want income to take out 10 per cent of their original capital each year).

Naturally, the option income has its price. By selling the option, the trust has given outsiders the right to buy its shares. They will exercise those options if share prices rise substantially. Accordingly, the trust will underperform in a rising market.

If share prices generally were to fall, the trust's portfolio would decline. The premium income would cushion the trust from part of the fall, but investors would still lose money.

The trust would do best in a flat market, with shares barely moving. In such circumstances, it would receive its premium income but buyers would not exercise their options.

Cautious investors should wait to see if the concept works in practice

How should investors view all this? Common sense suggests that, if it is so easy to earn 10-15 per cent a year in option premiums, everybody would be doing it, especially if you can earn only 6 per cent from cash. Therefore, this is either a market anomaly (which might close) or investors are taking some risk in order to earn the extra reward.

One should note also the high charges on the fund, with the annual levy being 2 per cent on top of the 5.25 per cent initial charge. These will, inevitably, eat into investor returns. So, given the doubts, cautious investors should wait to see if this concept works in practice. After a year or so, it will be possible to assess the record rather than the theory.

□□□

A MORE conventional fund is on offer from Dunedin Fund Managers, namely, a Japanese investment trust.

The Tokyo market certainly has bounced back from its 1992 lows, and those who bought into Japan last summer have done very well indeed. The problem is that the market there is very difficult to value.

Price-earnings ratios, the *traditional measurement* yardstick in the UK and the US, are much higher in Japan – the Tokyo market's present p/e is 58, according to Datastream. At 0.8 per cent, dividend yields are much lower than in the Anglo-Saxon markets.

For a long time, those who doubted the Japanese market's ability to sustain these stratospheric ratings were dismissed as naive by the cognoscenti. Sceptics were told that "traditional valuation methods don't apply in Japan." When the market fell from 38,000 to 14,000 over two years, the sceptics could afford to feel smug.

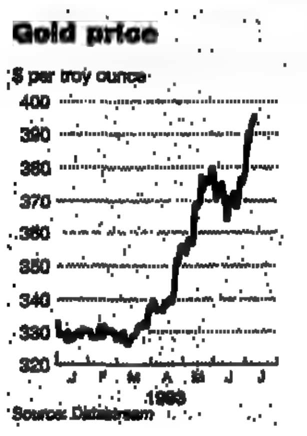
Given that the Japanese government has played its part in encouraging the recent stock market rebound, are we witnessing a "sucker's rally" which will prove to be short-lived?

Not according to Dunedin. It believes Japanese corporate earnings are due for a substantial recovery, that interest rates are at exceptionally low levels, and that international investors have underweight positions in Japanese equities at present, and will wish to increase their holdings.

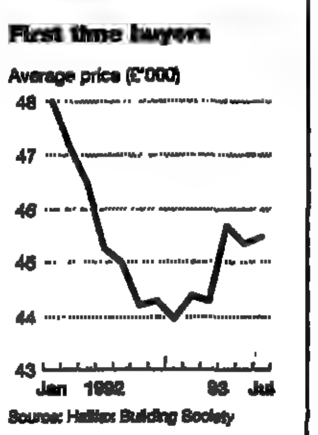
Dunedin has a good record in Tokyo; its Japan Smaller Companies and Japan Growth unit trusts are, respectively, sixth and ninth in the sector over the three years to July 1.

For private investors, Japan definitely remains a high-risk market. But those who have decided already to opt for Tokyo might be tempted by *Dunedin's offer: 35 per cent of* the manager's annual fee will be donated to Barnardo's for the first five years of the trust's life.

AT A GLANCE



Source: Datastream



Source: Halifax Building Society

Gold price continues on its upward path

Gold continued its push upwards but gains did not match those made last week. The rise has been driven by New York investment fund activity and started on June 30 after Sir James Goldsmith, the international financier, announced he was to sell another big block of shares in Newmont Mining, North America's largest gold producer, and buy gold bullion instead.

For a time, the price threatened $400 an ounce and closed on Thursday night in London at $395. But bullion prices fell back last night, closing at $392.75, and dealers were divided on whether the rally will continue.

Some house price cheer

While the general level of house prices fell 1.1 per cent in June, according to the Halifax building society, there was some encouragement in a 0.3 per cent rise in the price paid by first-time buyers. Such prices are still 5.3 per cent lower than they were in June 1992, however.

The average price paid by a first-time buyer in June was £45,465. Halifax said: "As demand for mortgage finance continues to rise, this will feed through to a gradual rise in house prices. We expect prices to move onto a more consistently rising trend in the first half of 1993."

Age Concern's capital book

Age Concern England has published a book *Using Your Home as Capital* for those seeking to raise money from their house. The book covers the main options and is suitably harsh on the ones which have caused investors problems in the past.

For example, under the heading "Investment Bond Income Schemes", the authors write "These schemes are not recommended under any circumstances" and their advantages are described as "nil". Written by Cecil Hinton and David Bookbinder, the book is available for £4.50 from Dept UHC, Age Concern England, 1268 London Road, London SW16 4ER.

New leaflet on benefits

A new leaflet "Benefits after Retirement" will be available fromPost Offices from July 12. It is designed to be a one-stop source of information for older people and contains details of subjects such as income support and benefits for widows or widowers.

Smaller companies faltering

Small company shares faltered this week, after their long rally. The Hoare Govett Smaller Companies Index (capital gains version) fell 0.6 per cent from 1476.36 to 1466.88 over the seven days to July 8.

TSB's fixed rate mortgages

TSB has launched a range of fixed rate mortgages. A five-year fix is available at 7.99 per cent on endowment and pension (APR 8.5 per cent) and repayment mortgages (APR 8.7 per cent).

There is an arrangement fee of £250 and you have to buy TSB's buildings and contents insurance. The three-year fix (also available on endowment, pension and repayment) is 7.45 per cent (APRs are 7.8 to 8 per cent).

The arrangement fee is £195. For first time buyers only, there is a 5.75 per cent fix for one year (APR 6.1 per cent). You have to take out a TSB endowment policy and TSB's buildings and contents insurance and pay an arrangement fee of £195.

Wall Street

Skittish investors face season of uncertainty

SNOW IN the Rockies, floods in the mid-west and a record-breaking heat wave in the east – summer this year is straying far from its norm. Coming on the heels of an equally unpredictable winter, people just do not know what to expect next.

The stock markets have been behaving in a similarly capricious fashion. Since mid-June, share prices as measured by the Dow Jones Industrial Average have moved so erratically that they have confounded attempts to draw up a sensible analysis of market trends.

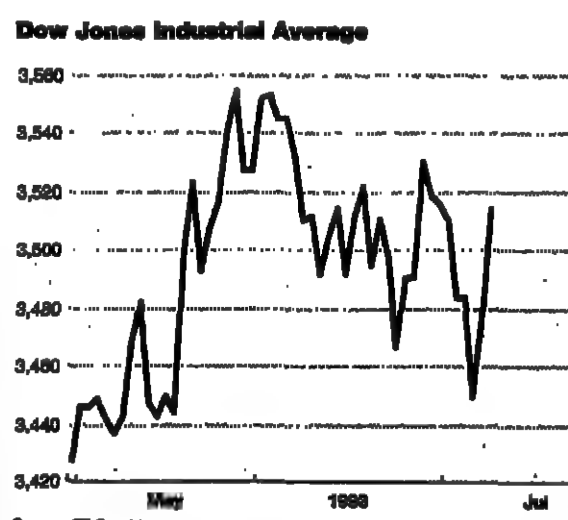
On midsummer's day, the Dow was at 3,510. In the two days following June 21, it dropped 44 points, but rallied more than 60 points over the following three days. It then embarked upon a five-day slide which took 80 points off its value. On July 7 it rallied once more, recouping almost 65 points in two days. By mid-morning yesterday, after more than a fortnight of wild gyrations, the Dow was back where it started – at 3,510.

These swings in prices reflect investor skittishness over the outlook for equities. The markets are proving extremely difficult to read, and no one can make a forecast with any real confidence.

This uncertainty has been reflected in a series of recent articles in US newspapers and financial magazines postulating various outcomes for the markets over the rest of the year and beyond.

Persuasive cases have been made that investors should hang tough (prices will remain trapped in a relatively narrow range as investors wait for the economy to take a firmer direction); that they should buy more stocks (as the economy's problems worsen, interest rates will fall even further and attract more money into the markets, pushing up prices); and that they should start selling stocks (interest rates will go up to head off inflation, forcing money out of overpriced stocks and turning a controlled decline into a headlong slide as nervous mutual fund investors scramble to liquidate their holdings).

Uneasiness about the approaching second-quarter corporate reporting season has only added to the indecisive mood. The run-up to the season has been dominated by profits warnings from companies struggling to maintain earnings growth achieved earlier in the year or late in 1992.



Source: FT Graphite

To some, the warnings suggest that second-quarter earnings across the board will fall short of expectations. To others, however, the season offers hopes for a rally, on the assumption that most of the bad news has been priced into stocks already. A good example of this thinking occurred this week when Nike announced fourth-quarter earnings of $76.9m, up from $70.7m a year ago.

Although profits were lower than analysts had expected, Nike's share price rose $1.50 to $56 on the news, mainly because the stock had been depressed ever since the sports shoe retailer issued a warning late in June about its longer-term earnings outlook.

Several other factors have been behind the recent price oscillations. Commodities prices continue to exert an influence on stock, and bond, markets. The value of metals, especially gold, has been swinging back and forth, while fears that the huge floods in the mid-west will wreck some of the country's major crop harvests has boosted food prices temporarily.

Energy prices also have been playing havoc on stocks. Earlier this week, shares in the country's airlines were hit by surging crude oil prices as investors worried that the big carriers, already involved in the latest skirmish of a long-running air fare war, would face higher fuel costs.

On Thursday, airline stocks rebounded as oil prices turned tail, but yesterday they retreated once more, this time unsettled by reports of weak June air travel numbers.

The manoeuvrings of the short-sellers – the speculative investors who, anticipating a falling market, sell borrowed stock in the hope they can buy it back later at a lower price – also have taken their toll. Much of Thursday's 38-point gain in the Dow, for example, was attributed to demand from short-sellers. They had expected prices to decline but, when the markets started heading higher, they were forced to scramble to buy back stock to meet their future obligations.

The short-sellers, in fact, have been taking quite a beating from the markets. Since the beginning of the year, they have been betting that stocks would make a decisive move downwards – but each time the markets have teetered close to a collapse, buyers have stepped in and prices have snapped back smartly.

Of course, at some stage the short-sellers are going to be proved right. The problem is, no one, least of all the short-sellers themselves, has any clue when that time will come.

Patrick Harverson

Monday	Closed	
Tuesday	3449.93	– 34.04
Wednesday	3475.67	+ 25.74
Thursday	3514.67	+ 38.75

The Bottom Line

A race that didn't take place

IT WAS straight out of Alice in Wonderland. The starting pistol went. The contestants raced around the track for all they were worth. They flashed across the finishing line, the crowds roared.

But when it was all over, something very curious happened. All the contestants denied that the event had taken place. Even the winner said he had no knowledge of a race, and refused to accept the prize. Fortunately for the crowd, the bookies honoured their bets, and many punters went home much the richer.

The amazing non-race was staged by the 12 regional electricity companies in England and Wales. Only two years after they were privatised, their annual results season has become an unspoken contest in who can produce the biggest dividend increase. And what a contest it was.

The clear winner was Southern Electric based outside Maidenhead which recommended a total increase for the year of no less than 17.6 per cent. But true to the rules of the non-contest, Geoffrey Wilson, the chairman, brushed aside the plaudits. He said: "We are not trying to be top of the pops."

The average increase for all the RECs was 15.3 per cent, which means that even the lowest increase, from Norweb, was still a handsome 13 per cent, giving shareholders some of the best returns available in the market. (Ken Harvey, Norweb's chairman, attacked the race as "dreadful" and admitted that Norweb had been preparing to pay out even less until it saw the way the rest of the industry was going.)

Is it all too good to be true? How much longer can it go on?

The answer is probably for quite a while yet. For one thing the fundamentals of the regional electricity sector look very good. The RECs were floated off at prices which did not fully reflect the potential for cost savings, and all of them are now busy carving out the fat. Thousands of jobs have been shed in the last two years, and several thousand more are likely to go between now and 1995. A typical REC has got its costs down by £20m a year, with more to go.

REGIONAL ELECTRICITY COMPANIES DIVIDEND & PROFIT GROWTH

	Dividend year to March 1993 (p)	% growth from year earlier	Pre-tax profit year to March 1993 (£m)	% growth from year earlier
Southern	19.6	17.65	187.0	12.45
London	19.5	16.07	145.5	2.11
Midlands	20	15.94	167.1	17.59
Seeboard	20	15.94	112.7	14.53
Northern	21.45	15.53	111.4	13.44
Manweb	21	15.07	111.2	17.42
Yorkshire	20.42	14.98	156.3	10.15
Eastern	19.2	14.97	151.4	28.16
South Wales	22.3	14.95	87.0	20.00
South West	20	14.84	101.1	21.81
E. Midlands	19.5	14.04	155.1	3.40
Norweb	20	12.99	157.1	13.92

Strong cash flow has also enabled the RECs *to start* paying off the government debt with which they were saddled at flotation. South Wales Electric, which now calls itself SWALEC, became the first REC to repay all its debt earlier this year, and others will follow.

The RECs have also issued bullish dividend forecasts. Many have used words like "progressive real increases in dividends", some have even put specific numbers on them, like Norweb which forecast rises of inflation plus 6-8 per cent. The stock analysts agree. *Nigel Hawkins*, who follows the utilities at Hoare Govett, is forecasting dividend increases of 12 per cent for the current year, and 11 per cent the year after that. "The dividends are safe as houses for the next couple of years," he says.

But there may be another factor: the attitude of the elec*tricity regulator* Prof Stephen Littlechild. He takes the view that it is up to the RECs to decide how much profit they want to pay out in dividends – provided they are reinvesting enough to maintain technical and service standards. In other words, he does not want to get involved. But the RECs are not entirely free from regulatory threat. Prof. Littlechild can – and does – influence profits by setting the price controls. Yesterday he announced a tougher price regime for the RECs' elec*tricity supply* business.

Although this was a minor move affecting only 10 per cent of the REC's operating profits, it is a forerunner of a much larger review which will affect the other 90 per cent this time next year. So anyone holding REC shares should note that next summer is a key date.

The key to individual RECs' success will be their ability to withstand a cost squeeze. Analysts advise looking for those with strong financial positions, like SWALEC and Southern, or those who have got their operating costs below the average, like Seeboard and East Midlands. Nigel Burton of Warburg Securities, said: "What Prof Littlechild wants to see is efficient companies."

David Lascelles

Where to get the most for your money

*Worried about falling interest rates and lower income? **Scheherazade Daneshkhu** looks at the options for the best return on your capital*

GENERATING income has become a tough business for those who rely on their savings. The era of low interest rates might be good for borrowers but the effect of the drop in base rates from 15 per cent in 1990 to 6 per cent now has battered savers' incomes.

While they can take some comfort from the fall in inflation they are still having to pay more for goods and services out of less income.

The prospect of a further base rate cut this year will shrink their savings pot further.

The easiest (and safest) way to earn income from 1988-92, when base rates were 10 per cent or more, was to leave money in a high-interest account at a reputable bank or building society.

But savers in search of high income now have to work harder and take more risk for lower returns.

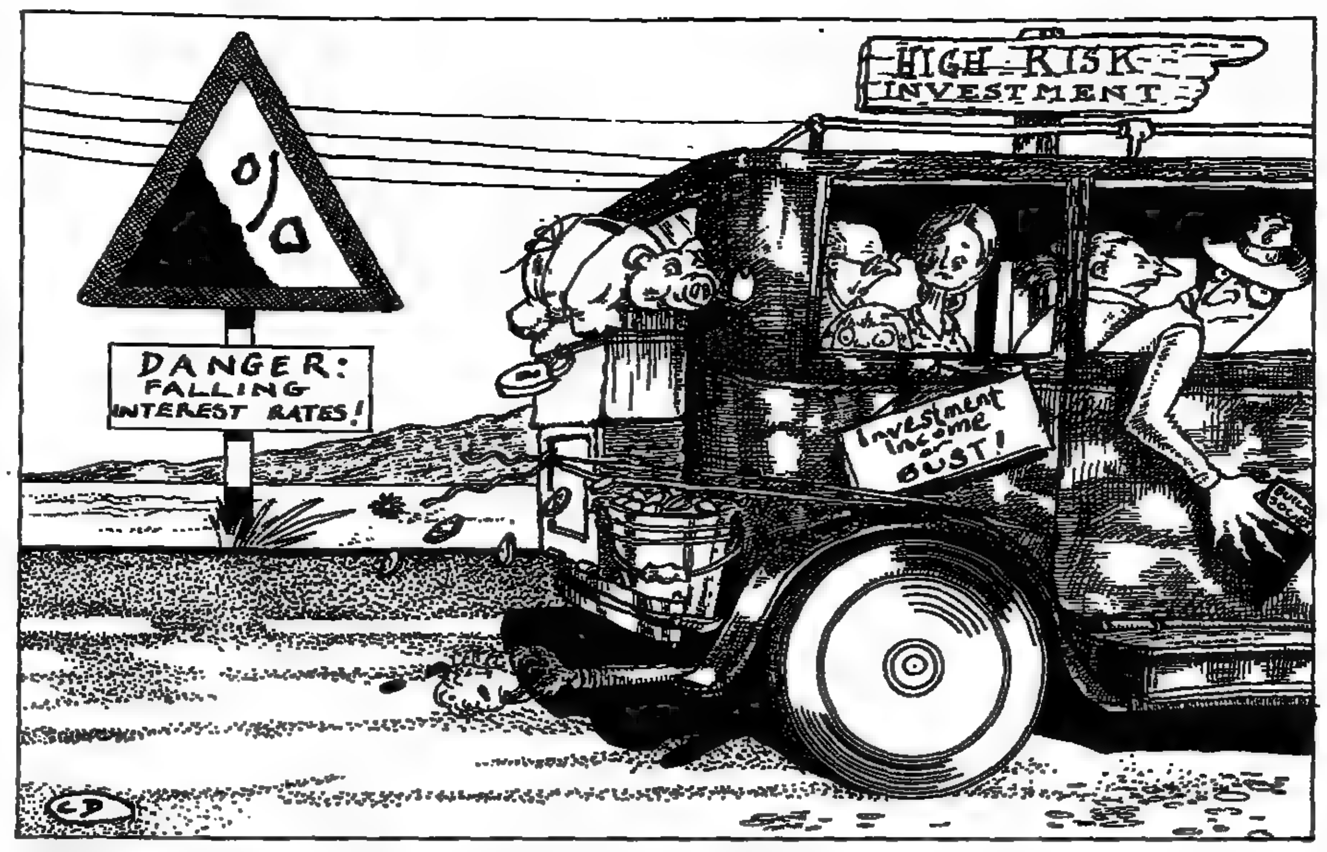
Financial institutions have produced a succession of ever more complicated high-income packages.

The main danger for investors is that they may not know all the risks involved, particularly that capital may be eroded to provide income.

Broadly, the choice is between deposits, bonds and equity-based products. You can also choose between fixed or variable rates.

While the former give protection against a further drop in rates, usually they do not offer the highest returns and mean that investors lose out if interest rates rise.

If you want monthly income, the choice is more limited, and the rates usually are lower than for annual rates.



Cash-based deposits

■ **Bank and building society accounts**
These are convenient but, to get the highest rates, you need a minimum of at least £10,000. The highest rates are shown in the table provided by *Moneyfacts* on page VI; this includes a section on monthly rates. Postal accounts usually offer the highest interest rates. Bradford & Bingley's Direct Notice postal account will pay 7.5 per cent gross on a £10,000 minimum and 7.75 per cent on £25,000 and above.

Chelsea building society is promising to hold the rate of 9 per cent gross (or 8.65 monthly) until October 1 on a minimum deposit of £10,000 in its Premier VIII account. The money must be left in until September 30 1995, although withdrawals are allowed subject to 30 days' notice and a penalty of 45 days' interest.

■ **Offshore accounts**
These offer income gross, which is useful for non-taxpayers, and often pay rates which are fractionally higher than those onshore. Taxpayers usually can delay payment of tax. On a minimum of £10,000, Woolwich International (Guernsey) will pay 6.5 per cent gross compared with 5.6 per cent gross on its onshore Prime Gold account; both offer instant access.

■ **Cash unit trusts**
These invest in the money markets, where money is bought and sold for short periods by institutions and rates change daily. Yields are quoted net of charges. The main advantage is that a higher rate is paid on a lower minimum than can easily be found at bank or building societies. Speed of access is similar to a postal account.

Fidelity's cash trust has a yield of 5.4 per cent gross on a minimum of £1,000; the yield on a £2,000 minimum minimum on Govett's MIS cash fund is 5.1 per cent gross. Prudential's Cash Haven yields 4.7 per cent gross on a minimum of £1,000. There is a chequebook attached to the Fidelity trust for those who keep a balance of £5,000 (cheques must be for a minimum of £250). Non-taxpayers should be aware that income is paid net, so tax has to be reclaimed.

■ **National Savings**
NS income bonds pay monthly interest at a variable rate, now 7 per cent gross. The minimum purchase is £2,000 up to a maximum holding of £50,000.

You will need to give at least three months' notice to cash them and only half the rate of interest will be paid on a bond cashed in the first year.

Bonds

■ **Gilts**
These IOUs issued by the government offer a fixed return for a set period. They can be bought through the National Savings stock register at post offices and income is usually paid twice a year. There is no capital risk to an investor who buys a newly-issued gilt and holds it to maturity, but gilts are tradeable and you might not be able to match the price you paid when you sell.

Many are trading above face value, so you would make a capital loss if you held them until maturity. Gilts are exempt from CGT but you will will not be able to offset any capital losses against gains elsewhere. Redemption yields vary between 5.1 per cent at the short and to 8.2 per cent at the long.

■ **Bond funds**
Many investors may prefer to buy gilts through a bond fund to take the worry out of buying the right gilt at the right time. Bond funds are unit trusts investing in gilts and other fixed-interest securities. But if a fund has a very high yield, it is likely to be eating up the capital. CGT can be charged on profits from bond funds, unlike gilts bought directly.

You will have to pay for the service, although some funds have been cutting the initial charge of 5-6 per cent. The annual management fee is in the region of 1 per cent.

The fund with the highest yield at the beginning of July was Eagle Star's UK Preference & Fixed Interest trust (8.8 per cent gross), but it was ranked 51 out of 55 for one-year performance, according to *Micropal*. The largest fund, Barclays Unicorn Gilt & Fixed Interest trust, with an 8.2 per cent gross yield, was ranked 13 over the year to July 1.

International bond funds offer more choice of investments and have the additional element of currency plays (which also makes them riskier than UK bond funds), but yields are lower than for UK funds. Perpetual's Global fund is top of its sector over the year to July 1 with a yield of 6.2 per cent gross, according to *Micropal*.

Offshore bond funds are similar to international bonds funds but are based outside the UK. They pay income gross and this can be rolled up for tax planning purposes.

■ **Permanent interest bearing shares**
Despite their name, these fixed-interest instruments are more like bonds than shares, since they are issued by building societies to raise capital. They carry no redemption date, so investors must sell them to get their cash and thus will receive the prevailing market price. The greater risk of buying a bond from a building society rather than the government is reflected in their relative high yields. These are between 9.5 per cent gross for Halifax (£50,000 minimum investment) to 10.96 per cent for First National. Interest is paid twice yearly net of basic-rate tax and gains are not liable to CGT (unless held in a collective fund).

Equity investments

■ **Unit and investment trusts**
The yield on the FT All-Share is around 4 per cent gross but collective funds can offer much higher yields.

Split capital investment trusts divide the capital growth and income of the trust between different classes of shares. In March, Schroder launched its Split fund with an 8 per cent gross yield on the income shares after charges. Take advice before investing in income shares because there are different types.

In February, Hypo Foreign & Colonial launched a unit trust with an eye-catching yield of 10 per cent a year after charges. The Higher Income plan uses options to earn a higher income, but at the expense of capital growth.

■ **Guaranteed equity bonds**
Three new products offer high income but the risk again is of capital erosion. Life Association of Scotland offers 10.1 per cent net, paid quarterly for five years; Save & Prosper's High Income bond promises a guaranteed income of either 8 per cent net or 10 per cent net:, while Acuma, the financial planning arm of American Express, has a choice of rates on its Fixed High Income bond of 10, 9 and 7.5 per cent.

You will be paid back a proportion of your original investment after five years but, in order for the whole amount to be returned, the stock market will have had to have rise by a defined amount.

■ **Annuities**
The aim is to convert capital into income, but with some interest on top. You pay a life office or friendly society a fixed sum in return for regular monthly payments for the rest of your life (or for a fixed period in the case of a temporary annuity). The amounts paid depend on your sex and age. In general, annuities offer better value the older you are and the longer you live, since any capital which is left on your death will be kept by the life office. Annuity rates have been falling – see page IV.

■ **Guaranteed income bonds**
You pay a lump sum to a life office and get a fixed income for a specified period. At the end of the period, your capital is returned to you. Rates paid depend on the amount invested and the length of time the capital is to be tied up, as the Highest Rates table on page VI shows.

What the experts think

Scheherazade Daneshkhu seeks guidance from three advisers

WE ASKED three independent financial advisers for their choice of investments to produce income. All emphasised the need to spread risk through a well-balanced portfolio of equities, deposits and bonds.

□ RICHARD BOYTON, of Boyton Financial Services: "What investors must look for is total return – that is, both income and capital growth." For a single, basic-rate taxpayer, he suggests buying National Savings income bonds and investing in an international bond fund: "Both GT and Baring are based in Ireland, pay their dividends gross, and are well-managed."

Many people do not make use of their annual capital gains tax allowance, now £5,800. Recently, Ivory & Sime launched its ISIS investment trust with the aim of providing income by exploiting the CGT But Boyton is unimpressed by this and similar high-income packaged products: "I'm not so sure these products are without risk."

He prefers zero coupon preference shares in a split-capital investment trust to take advantage of the CGT allowance. As their name suggests, these do not pay income. All the return from a zero comes as capital growth, which is taxed as capital gain. His choice is Exeter Zero Dividend preference fund.

Boyton says the investments so far should account for 49 per cent of the portfolio. Another 3 per cent should be held in cash and the remainder placed in equities, where he suggests the following investment trusts: Alliance, Electric & General, Foreign & Colonial, Murray International and TR Far East: "All have an impeccable reputation and the expectation of an increasing income stream together with capital growth." Finally, for exposure to capital growth over a five-year period, Boyton likes Murray Smaller Markets.

□ TONY SHEPHERD, of Shepherd Associates, believes people must accept they cannot get the same level of income as before. He also believes packaged high-income or guaranteed products are unnecessary so long as the portfolio is structured well.

Taking a retired married couple as a sample, he would place 41 per cent in cash and fixed interest with the balance in longer-term equities. Twelve per cent would be in a tax-exempt special savings account (which pays tax-free interest after five years on a staggered total investment of £9,000), cash on deposit in a bank, and in Fidelity's cash unit trust. The National Savings element is the index-linked sixth issue, which pays 3.25 per cent tax-free above the rate of inflation.

Another 29 per cent is in bonds and gilts. Shepherd chooses Fidelity's Gilt and Fixed Interest UK bond fund and the international bond funds of Kleinwort Benson and Baring. The gilts are Conversion 9 per cent 2000 and Treasury index-linked 2 per cent 2006. "These low risk investments are designed to provide a balance of liquidity, inflation protection and some prospects of capital return."

The equity side of the portfolio aims to provide long-term security through capital growth. For UK exposure, Shepherd likes the income funds of James Capel, M & G and Schroder. The funds invested in Europe would be Lazard's European Growth, M & G European Dividend and Morgan Grenfell European Growth, with Fidelity's Controlled Risk America fund for the US. Finally, the Far East funds would be Save & Prosper's South East Asia, James Capel's Japan Growth, and Schroder's Tokyo.

□ DAVID HARRIS, of Chantrey Vellacott, is no fan of high-income packaged products, but he does favour the income shares of Johnson Fry's Utilities trust with a yield of 9 per cent. Traditionally, utilities have paid high dividends and some fund managers are using this as the basis for a high-income fund. Harris regards Cazenove's Utility and Bond fund, which is packaged within a Pep, as good value.

With interest rates low, he does not think this is the time to buy annuities or guaranteed income bonds. Instead, he prefers Whittingdale's Gilt Income fund and Fidelity's Gilt & Fixed Interest, and thinks Pibs are a useful way to boost income although their prices have been rising. He likes Britannia and Bradford & Bingley.

So little time . . .

THE DEADLINE to apply for shares in the third tranche of British Telecom (BT3) draws ever closer.

There are separate deadlines for the public offer (July 14) and the retail tender (July 16). To add to the confusion, different share shops have imposed their own deadlines.

The Bank of Scotland (for example) needs to receive applications by 3.30 pm on July 12 at its branches, or by 10 am on July 13 by post.

The deadlines for the big four banks are: Barclays (branches – 3 pm July 12; post – 10 am July 12); Lloyds (branches – 3.30 July 12; post – 5 pm July 13); Midland (branches – 3.30 July 12; post – 10 am July 13); NatWest (4.30 pm July 12).

Those who want large amounts of shares stand their best chance in the retail tender.

The following brokers will accept new clients for the tender: Arnold Stansby (061-832 8554); Branston & Gothard (071-250 1180); Cave & Sons (0604-21 421); Chambers & Remington (021-236 2577).

Charlton Brett (0282-422 042); Fairmont (0204-362 233); Fyshe Horton Finney (021-236 3111); Griffiths & Lamb (021-236 6941); Henderson Crosthwaite (0800-581 206).

Hill Osborne (0522-513 338); Killik (071-589 1577); James Sharp (061-764 4043); Keith Bayley Rogers (071-378 0657); M.W.Hargrave Hale (0253-21 575); Neilson Cobbold (051-236 6666).

Nicholson Barber (0742-755 100); Pointon York (0533-547 545); LA. Pritchard (0202-297 035); Roy James (021-300 2200); the Sharecentre (0891-123 808).

Philip Coggan

FINANCE AND THE FAMILY

Diary of a Private Investor / **Kevin Goldstein-Jackson**

Reality – or just wishful thinking?

MANY IN the financial world believe that share prices are based partly on perceptions of companies' future performance. If so, then a number of City people must be expecting a major turnaround in the property market.

Shares in several property companies have soared this year. Shaftesbury is up from 39p to 94p, Clayform from 10p to 38p and Anglo St James from 8p to 15p. Even Dares Estates has risen from 1.25p to 2.5p.

I missed out on all these rises. Why? Because, from walking around city centres, I could not believe the property market was about to stage a dramatic recovery.

I continue to see lots of empty office blocks. Many of them have been unlet since they were built several years ago. High streets and a number of shopping centres still have many vacant and boarded-up shops.

Several million people live in homes worth less than their purchase price. With negative equity, fewer people can afford to trade up to larger properties.

According to the spring/summer issue of Savills' magazine, a very good five-bedroom freehold house in Fulham, west London, which could have cost upwards of £500,000 in 1989, can now be found at a price starting from £350,000. In Hampshire, a three-bedroomed detached cottage which might have fetched £115,000 as recently as September 1992 could be bought in April this year for £97,000. I am sure the market for large country homes will become even more depressed because of the financial problems facing many members of Lloyd's.

Even reading the company reports of non-property companies shows how far some prices have fallen. My personal pension scheme has a small shareholding in Zetters, the football pools operator. In his August 1992 statement to shareholders, chairman Paul Zetter pointed out that two essential London properties owned by the company had been re-valued in December 1988 at £5.5m "when UK property values were at their peak."

He went on: "However, since then, current rentals have halved." And he revealed that the market value at March 31 1992 had been estimated at £1.425m by the company's agent, Chestertons.

For me, one of the attractions of Zetters has been its cautious accounting approach. Having commissioned the re-valuation, the company incorporated it into its accounts, even though it meant a drop in value of more than £4m.

With writedowns like these, why do purely property companies, with no other sources of income apart from rents and property sales, show such a surge in their share prices? Are we about to see a repeat of 1973-74? Are the sharp rises based on reality or wishful thinking?

A local newspaper where I live in Poole, Dorset, revealed recently that Bournemouth-based McCarthy & Stone had paid doctors and solicitors to provide "leads" to people who would buy its purpose-built retirement flats. The company said it wished to extend this incentive to milkmen and others in contact with likely purchasers.

Many other developers have introduced a variety of incentives to people to rent or buy their properties. But I still feel that, in a large number of cases, prices remain too high.

A recent report by McKinsey & Co showed that prime retail selling space cost two-thirds more in the UK than in the US. True, there are only a limited number of sites available in Britain for massive superstores, but why should average high street properties cost so much?

Why are so many properties still empty? Is it partly because some landlords continue to ask unrealistic rents? Are they doing this to satisfy banks which lent them money based on a multiple of the anticipated rent roll, and are unwilling to admit that the property is worth less than the sums secured against it?

Of course, I am disappointed I missed out on the excellent profits I could have made had I bought property shares in January. But I sold my last property share in 1989 and have not been tempted back into the sector.

I will continue to avoid such shares in the short term for fear of a collapse. I feel property shares have risen too high, too fast, and that there could be a sharp correction. But I will continue to seek out those non-property companies which run profitable manufacturing and other businesses but have real estate worth more than the value incorporated in their accounts.

A good example is Treatt, in which my personal pension scheme bought shares for 113p in January 1992. The balance sheet for the year to September 1992 showed the market value of the company's freehold property to be £237,179, but the statement with the accounts said the directors considered the real figure to be "in excess of this value."

Treatt shares are now 153p, due to their excellent trading performance in supplying and manufacturing essential oils and aromatic chemicals for the flavour and fragrance industries. I prefer a company like Treatt, with a sound business – plus lowly-valued property – to a purely property-based company.

BES gets a Footsie link

IT WAS only a matter of time before the fashion for linking returns to the stock market should reach the business expansion scheme. Sponsors had been talking about the idea for some time but, this week, Close Brothers was the first to launch a BES linked to the FT-SE 100 index. Like many of the recent issues, it is an assured tenancy scheme providing university accomodation.

BESSA Christ's College Companies gives investors a choice of two companies in which to invest. The first offers a fixed price after five years of 115p for every 100p invested; this equates to a return of 12.8 per cent a year to a higher-rate taxpayer and 8.5 per cent to a lower rate-payer. The return is backed by cash deposits.

The second will give a fixed return of 60p for each 100p invested after five years – the original net investment for a higher-rate taxpayer – with a variable return which depends on a rise in the FT-SE 100 index up to June 1998. Investors can divide their money between the two companies.

Is it a good idea to choose the stock market option? The fixed return is not as competitive as similar BES assured tenancies schemes, and Close Brothers says the main attraction is the stock market link.

Investors will be paid 1.85p for every 1 per cent rise in the Footsie between July 30 and June 29 1998, so the index would have to rise by at least 30 per cent over that period to better the fixed price.

The average annual rise in the Footsie in the five years to July 8 was 8.7 per cent, and 11.7 per cent on a 10-year scale, so this past performance would exceed the 30 per cent rise. Gains are tax-free – but this is also true of shares held within a personal equity plan.

What if the Footsie were to slide just before June 29 1998? The sponsors will take an average of the index for the previous 10 days, but that is the limit of your protection.

Other issues this week include:

■ Aegis III, a buy-back scheme sponsored by Matrix Securities which plans to raise £9m for accomodation for Coventry University. The exit price is 118p after five years. Bank of Scotland is acting as guarantor up to a maximum of £11m.

■ Lancaster University Residences III, sponsored by Noble & Co., plans to raise £3.5m for residential accommodation. The contracted exit price is 120p and the scheme carries a guarantee from the Royal Bank of Scotland.

■ The Enlightened Tobacco Company, sponsored by Nabarro Wells, is a cigarette company dedicated to truthful tobacco marketing.

The company is selling a new brand of cigarettes called "Death" which carries a skull and crossbones against a black background on the packet. This is a highly speculative investment.

Scheherazade Daneshkhu

So silly not to make a will

PROPOSED changes to the intestacy laws announced by the lord chancellor, Lord Mackay, should be a powerful incentive to avoid dying without a will, or intestate. Although the changes, implementing most of the recommendations made by the Law Commission, improve the position of surviving partners, not all can become law at once. Anomalies may arise during the transition.

Mackay said the government wanted to enable most surviving spouses to stay in the matrimonial home with enough to live on – size of estate permitting. As more than 90 per cent of people dying without wills in England and Wales leave less than £125,000 net, he is to make an order "as soon as practicable" increasing from £75,000 to £125,000 the statutory legacy (or fixed net amount) to be paid to a surviving spouse with children, and from £125,000 to £200,000 the amount going to survivors without children.

The government chose to make these increases rather than accept the commission's recommendation that a surviving spouse should always receive the entire estate left by someone dying intestate, as this might have been unfair to children from a previous marriage.

Other changes which will have to wait for parliamentary time are the abolition of a provision known as the "hotchpot" rule; the introduction of a 14-day survivorship clause; and increased discretion for the courts in the treatment of unmarried people living together.

The hotch-pot rule affects very few estates but lays down that, in certain circumstances, children wishing to inherit must bring into account any money or property paid to them, or settled for their benefit, by the person who has died intestate. This can mean that amounts received up to seven years before have to count against any pay-out due from the estate.

The survivorship clause to be included in the intestacy rules will provide that surviving wives or husbands will inherit only if they outlive their partner by at least 14 days. Under the present rules, if a husband and wife die simultaneously or within a short time of each other, the younger is treated as having died first. (If the couple had wills, the older partner would be assumed to have died first.)

"The reason is to preserve the estates for the respective families," said Pauline Walker, a solicitor specialising in family law with Manches & Co. "Saying that the younger died first in effect ignores that estate."

So a younger wife who survives her husband by fewer than 14 days will be deemed to have died before him. Walker added that the change on survivorship would also cut down on administration costs, but saw no obvious explanation for the choice of 14 days given that, in most wills, the survivorship clause covers 30 days.

Unmarried partners will still have to go to court if they are to receive anything from the estate of the person they were living with. But instead of having to prove complete dependence, they will be able to apply for "reasonable financial provision," meaning reasonable for their maintenance. With a spouse, the same words would have a wider meaning: reasonable in all the circumstances whether or not required for maintenance.

The commission rejected the idea of any automatic provision for unmarried co-habitees. "The general feeling was if you are not prepared to take on the burdens of marriage, it did not seem right you should reap the benefits," said Walker, describing the proposed changes as a nod towards co-habitees.

The new rules will give the courts wider discretion in deciding how much of an estate an unmarried partner should receive. In particular, they will be allowed to take into account such factors as the age of the person applying for a share of the estate, how long they have been living with their late partner, and what contribution each had made to the household.

Claims from unmarried partners will remain subject heavily to the discretion of the courts, with decisions based on past cases as well as the modified rules.

"The advice has to be – make a will," said Walker. "If you don't, you are going to leave an unholy mess." As an example, she said that if a married man had been maintaining another woman and died without a will, the other woman could claim against the estate. At the same time, the wife could apply for more than the statutory provision.

Walker added: "If you make a will there can be disputes, but this is less likely provided it is not totally off the wall with outrageous provisions cutting out dependents. If you take advice, it won't be. It will stand up."

Barbara Ellis

Latest annuity rates

ANNUITY RATES have been falling, with cuts from Generali, Prudential, Royal life and London Life over the past few weeks. Peter Quinton, of the Annuity Bureau, says: "These rates are linked to long-term interest rates, and it is these rates which determine the rates insurance companies pay.

"The average gross redemption yield on the British government high coupon 15-year stock has fallen from 8.56 per cent on June 16 to 8.2 on July 6, which compares with approximately 9.06 per cent for the same period last year."

Billy Burrows, of the London-based Annuity Direct, adds: "Many people are holding back from buying annuities because they expect that gilt yields will rise as future expectations of inflation increase.

"However, there is room for yields to fall even further, as the fear of inflation is being talked down and, with the strength of sterling, foreign investors are being encouraged back into the market."

ANNUITY RATES

Level annuity			
Male age 60	Annuity	Female age 60	Annuity
1 Equitable Life	£11,006.04	RNPFN	£10,006.00
2 RNPFN	£10,975.00	Equitable Life	£9,822.00
3 Generali	£10,780.66	Royal Life	£9,626.64
Level annuity			
Male age 65	Annuity	Female age 65	Annuity
1 RNPFN	£12,414.00	RNPFN	£11,041.00
2 Equitable Life	£12,237.96	Equitable Life	£10,718.04
3 Generali	£12,019.43	Royal Life	£10,523.49
Joint life level annuity			
Male 65/Female 60*	Annuity	Male 65/Female 60#	Annuity
1 RNPFN	£10,651.00	RNPFN	£9,317.00
2 Equitable Life	£10,541.04	Equitable Life	£9,256.00
3 Generali	£10,312.71	Prudential	£9,134.64
Joint life annuity escalating by 3%			
Male 65/Female 60*	Annuity	Male 65/Female 60#	Annuity
1 RNPFN	£8,440.00	RNPFN	£7,163.00
2 Equitable Life	£8,232.00	Equitable Life	£7,026.96
3 Generali	£8,096.53	Royal Life	£6,956.82

All payments are monthly in advance without a guarantee and have a purchase price of £100,000. * = 50% spouse's benefit. # = 100% spouse's benefit. RNPFN annuities are exclusively available for those in the nursing and allied professions.

The figures in the table above were provided by the Annuity Bureau, Enterprise House, 59-65 Upper Ground, London SE1 9PQ. Telephone 071-620 4090.

The Week Ahead

Tomkins, the conglomerate, is expected to report profits of £174m and earnings of 13.5p in the year to May on Monday. This compares with £132.1m and 12.7p of earnings the previous year. Growth is expected to have been driven by a stronger performance in the US and will for the first time include profits from Ranks Hovis McDougall, the milling and baking group it bought last year.

MFI, the furniture group, is expected to report a fall in pre-tax profits on Monday to about £43m, from £66.1m last year. Analysts downgraded their profits forecasts at the half-year results in January, when MFI said trading had declined sharply after Black Wednesday damaged consumer confidence.

It also said sales had been down year-on-year in the first five weeks of its ten-week new year sale, which usually accounts for about 30 per cent of annual turnover.

The Rank Organisation announces half-year results on Thursday, with pre-tax profits expected to be at or below last year's £94m. Some forecasts are as low as £82m, based on a poorer performance from Rank Xerox.

The first half is not a good guide to the performance of Rank's directly-managed businesses – such as holidays, video duplication and bingo – where profits tend to come in the second six months. More eagerly awaited will be statements on current trading. Few expect anything definitive on the group's future relationship with Rank Xerox.

Great Universal Stores, the UK's largest mail order company, which reports on Thursday, is forecast to increase pre-tax profits from £441.5m to between £465m and £470m. The dividend is expected to rise from 40p to 43p.

Analysts believe the company will have benefited from a increase in mail order buying, while its market share continues to rise.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Devenish J.A.	375½§§	364	282	202.15	Greenalls
Securiguard	270*	339	185	59.20	Rentokil
Teredo Pet.	5¼	6	5	1.84	Cairn Energy
Watts Blake	420*§	425	391	87.33	Sibelco

*All cash offer. ††Cash alternative. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 9/7/93. §§Shares and cash. †Price at suspension. ¶ Price in Pounds.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aberdeen Steak	H&L	Dec	185 L	(369 L)	-	(-)	-	(-)
Abtrust New Dawn	InTr	Apr	619	(329)	1.29	(0.61)	0.75	(0.5)
Asda Group	FdRt	May	187,400	(364,800L)	8.4	(-)	[illegible]	(2.1)
Asprey	Strs	Mar	21,630	(19,360)	14.44	(15.14)	5.1	(4.85)
Assoc British Eng	OIM	Mar	216	(35)	0.01	(-)	0.05	(0.05)
Associated Nursing	H&H	Mar	1,820	(1,130)	16.6	(19.0)	1.0	(-)
Avesco	Med	Mar	1,350 L	(2,260 L)	-	(-)	-	(0.5)
Banner Homes	C&C	Mar	255	(666 L)	2.0	(-)	-	(-)
Bespak	H&H	Apr	11,500	(6,920)	31.9	(24.8)	10.0	(9.0)
British Bloodstock	Misc	Mar	36 L	(55 L)	-	(-)	-	(-)
Bromsgrove Industries	Eng	Mar	7,610	(5,640)	7.75	(6.55)	4.4	(4.0)
Budgens	FdRt	Apr	8,200	(4,640)	3.4	(3.5)	1.0	(-)
Burtonwood Brewery	B&D	Mar	8,500	(4,620)	12.0	(18.6)	4.68	(4.45)
Carclo Engineering	Eng	Mar	8,750	(5,630)	14.9	(9.6)	8.6	(7.81)
Castle Mill	Tex	Dec	384 L	(6,930 L)	-	(-)	-	(-)
Chartwell Group	n/a	Mar	445 L	(39 L)	-	(-)	-	(0.4)
Colefax & Fowler	Misc	Apr	395 L	(704)	-	(3.7)	1.0	(2.6)
Creighton's Nat	H&H	Mar	1,000	(834)	13.9	(13.1)	7.3	(7.0)
Danae Inv	InTr	May	744	(735)	7.8	(7.77)	7.95	(7.95)
Derby Group	BdMa	Feb	2,760 L	(285)	-	(2.51)	-	(2.0)
Dixons Group	Strs	Apr	33,500	(50,100)	-	(6.5)	6.2	(6.0)
EFM Japan Tst	InTr	May	87	(-)	0.62	(-)	0.4	(-)
Evans of Leeds	Prop	Mar	8,790	(8,520)	11.36	(10.67)	4.57	(4.15)
Farepak	FdRt	Apr	6,510	(4,840)	16.3	(14.3)	5.75	(5.0)
First Spanish Inv	InTr	May	922	(754)	7.9	(5.99)	7.8	(6.75)
Fleming Geared	InTr	May	3,990	(4,440)	7.77	(10.65)	7.6	(7.6)
Fleming Int'l High	InTr	May	6,450	(5,710)	3.99	(3.53)	3.57	(3.57)
Fuller Smith & Turner	B&D	Apr	8,260	(7,800)	23.33	(25.18)	7.4	(6.71)
Gibbon Lyons	PP&P	Mar	1,410	(808)	9.4	(4.6)	5.0	(5.0)
Gold Greenlees Trott	Med	Apr	4,330	(4,090)	18.6	(16.5)	8.3	(6.3)
Greene King	B&D	May	20,100	(20,300)	35.4	(36.1)	12.3	(11.6)
Hadleigh Inds	Eng	Apr	187 L	(1,430 L)	-	(-)	0.5	(1.25)
Hollas Group	Tex	Mar	647	(223)	0.8	(0.2)	1.2	(1.2)
Howden Group	Eng	May	18,500	(18,100)	6.0	(5.5)	2.2	(2.0)
Joseph (Leopold)	MeBk	Mar	1,560#	(1,100#)	30.0	(20.9)	16.6	(15.85)
London Electricity	Elec	Mar	146,500	(142,500)	48.5	(47.9)	19.5	(16.8)
McInerney Props	C&C	Dec‡	2,650 L	(11,650 L)	-	(-)	-	(-)
Midlands Electricity	Elec	Mar	167,100	(142,100)	56.8	(49.0)	20.0	(17.25)
Morris Ashby	M&MF	Mar	1,500	(1,200)	13.5	(10.7)	5.4	(4.7)
Northamber	Elec	Apr	973 L	(2,740 L)	-	(-)	0.6	(0.5)
Nu-Swift	Misc	Dec	14,100	(20,200)	25.05	(34.7)	-	(28.0)
Peel Holdings	Prop	Mar	9,400	(7,010)	2.41	(8.01)	4.0	(3.0)
Rubicon	C&C	May	1,220	(820)	8.4	(30.4)	4.0	(-)
Scott Pickford	BsSr	Mar	231	(404)	0.93	(3.79)	0.6	(0.6)
Scottish & Newcastle	B&D	May	192,500	(221,100)	30.8	(33.9)	16.83	(16.1)
Sims Foods	FdMa	Mar	586 L	(6,640)	-	(15.9)	7.5	(11.25)
Sterling Publishing	Med	Mar	6,310	(2,050)	7.6	(1.5)	3.0	(2.5)
Stewart & Wight	Prop	Mar	372	(352)	324.4	(299.0)	135.0	(120.0)
Tamaris	H&H	Mar	60 L	(955 L)	-	(-)	-	(-)
Taunton Cider	B&D	May	17,600	(8,580)	12.2	(8.1)	6.0	(4.75)
Templeton Emerging	InTr	Apr	2,710	(1,230)	2.1	(2.17)	1.7	(1.6)
3i	OthFn	Mar	56,000	(40,100)	15.6	(13.6)	11.6	(10.6)
Tops Estates	Prop	Mar	1,690	(2,610)	4.42	(4.79)	2.1	(2.0)
Vardy (Reg)	Mtrs	Apr	4,350	(3,950)	7.1	(7.4)	4.2	(4.0)
Yates Brothers Wine	B&D	Mar	2,780	(2,490)	9.4	(7.6)	2.48	(1.82)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Dewhurst	Elec	Mar	404	(310)	0.56	(0.53)
Eurotherm Int'l	Elec	Apr	9,190	(6,710)	3.5	(3.0)
Fyffes	FdRt	Apr‡	14,100	(12,450)	0.39	(0.35)
Gardiner Group	BsSr	Apr	1,650	(839)	0.23	(0.47)
Hewitt	Tex	Mar	783	(518)	0.25	(-)
Lee (Arthur)	M&MF	Mar	2,300	(804)	4.0	(1.65)
Microgen Holdings	PP&P	Apr	3,760	(4,370)	2.2	(2.2)
Owners Abroad	H&L	Apr	38,000 L	(37,100 L)	1.4	(0.99)
P&P	Elec	May	2,000	(1,000)	0.8	(0.7)
Sperati (CA)	Tex	Apr	36	(12)	-	(-)
St Davids Inv Tst	InTr	May	589	(737)	6.0	(14.5)
Torex Hire	C&C	Apr	139 L	(290 L)	-	(-)
Villiers Group	O&G	Jan	1,150 L	(6)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ‡ = Figures quoted in Irish pounds & pence. # = Net profits.

RIGHTS ISSUES

Bank of Ireland is to raise £100m via a 1-for-6 rights issue at 150p.
Britton Group is to raise £13.2m via a 1-for-1 rights issue at 10p.
Evered Bardon is to raise £72m via a 1-for-2 rights issue at 40p.
Greycoat is to raise £58.9m via a 4-for-1 rights issue at 12½p.
Helical Bar is to raise £20m via a preference rights issue at 72p.
Morris Ashby is to raise 4.53m via a 3-for-7 rights issue at 135p.
Sidlaw is to raise £53m via a 4-for-7 rights issue at 275p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Britton Group is to raise £19.7m via a placing & intermediaries offer.
CrestaCare is to raise £33.3m via a placing at 40p.
Quadramatic is to join the main market via a placing & intermediaries offer which will raise £20m.
Second HGSC Index Inv Tst is to raise £25.1m via a placing & open offer.
Select Appointments is to raise £9m via an open offer of 9m cumulative redeemable preference shares.
Stratagem is to raise £7.9m via a placing & offer.
Select Appointments is to raise £9m via an open offer of 9m cumulative redeemable preference shares.
Stratagem is to raise £7.9m via a placing & offer.

RESULTS DUE

Company	Sector	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS					
Aberforth Split Level	InTr	Wednesday	-	-	-
Adam & Harvey	BsSr	Tuesday	6.0	6.0	6.0
Aitken Hume	OthFn	Monday	0.5	-	-
Armitage Brothers	H&H	Tuesday	2.6	3.4	2.6
Barbour Index	BsSr	Thursday	2.4	4.85	2.65
Batleys	n/a	Wednesday	-	-	-
Bliss Group	C&C	Tuesday	1.65	-	-
Bogod Group	Eng	Tuesday	0.2	0.5	0.2
Border Television	Med	Monday	1.1	1.6	1.3
Bulmer (HP)	B&D	Wednesday	3.45	5.55	3.75
Colorvision	Strs	Tuesday	3.1	2.5	2.5
Cray Electronics	Elec	Tuesday	-	0.5	0.5
Daejan Holdings	Prop	Monday	12.0	13.0	12.0
Dalepak Foods	FdMa	Monday	1.5	4.5	1.5
Druck Holdings	Elec	Thursday	3.4	6.0	3.4
Electron House	Elec	Tuesday	1.0	1.35	1.05
Ellis & Everard	Chem	Monday	2.25	4.8	2.25
Ensor Holdings	Cong	Monday	-	-	-
Great Universal Stores	Strs	Thursday	12.75	27.25	13.75
Hampson Industries	Eng	Thursday	0.6	1.77	0.4
Helton Holdings	M&MF	Tuesday	0.65	1.35	0.65
Jacques Vert	Tex	Tuesday	2.0	-	1.0
Jones Stroud	Elec	Thursday	3.0	5.0	3.3
Jurys Hotel	H&L	Thursday	2.0	3.0	2.0
Menzies (John)	Strs	Monday	3.8	6.4	3.8
MFI Furniture	Strs	Monday	-	-	1.25
Moorgate Inv Tst	InTr	Thursday	1.7	3.8	1.7
Multitone Electronics	Elec	Friday	1.25	1.75	1.5
Nobo Group	Misc	Wednesday	1.0	2.5	1.5
Optometrics Corp	n/a	Monday	-	-	-
Prism Leisure	H&L	Wednesday	1.5	3.95	0.9
Real Time Control	Elec	Tuesday	-	3.0	-
Reject Shop	Strs	Monday	1.05	2.1	0.5
River & Mercantile Extra	InTr	Tuesday	1.97	1.97	1.97
Savills	Prop	Tuesday	-	-	-
Scantronic Holdings	Elec	Wednesday	0.79	2.18	0.79
Stanley Leisure	H&L	Wednesday	1.9	3.3	1.52
Tiphook	Tran	Wednesday	4.4	12.9	4.9
Tomkins	Othn	Monday	3.22	6.12	1.88
Triplex Lloyd	M&MF	Tuesday	2.5	4.5	2.5
Verson Int'l	Eng	Thursday	-	-	-
Welsh Water	Wat	Thursday	7.13	14.27	7.8
Wood (John D)	Prop	Thursday	-	-	-
Wyko Group	Eng	Tuesday	1.4	1.4	0.5
INTERIM DIVIDENDS					
Aberforth Smaller Co's	InTr	Thursday	2.1	2.5	-
Alexanders Holdings	Mtrs	Friday	-	-	-
Automated Security	BsSr	Thursday	2.25	3.05	-
Barr (AG)	FdMa	Monday	1.75	4.75	-
BWD Securities	OthFn	Wednesday	1.3	1.9	-
Fleming Fledgeling Inv Tst	InTr	Thursday	1.0	2.0	-
General Consolidated Inv Tst	InTr	Thursday	-	-	-
Greenfriar Inv	InTr	Friday	2.1	4.25	-
Leslie Wise	Tex	Wednesday	1.75	2.25	-
Low & Bonar	PP&P	Monday	2.7	6.4	-
Merchants Tst	InTr	Monday‡	2.65	2.65	-
M&G Dual Tst	InTr	Wednesday	-	-	-
Olim Convertible Tst	InTr	Wednesday	4.2	4.6	-
Rank Organisation	H&L	Thursday	10.25	20.75	-
River & Mercantile Tst	InTr	Thursday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡ = 1st quarter figures.
Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

FINANCE AND THE FAMILY

Holiday homes alarm insurers

***Bethan Hutton** explains why getting cover for your country cottage can be so difficult*

HOUSEHOLD insurance premiums can vary so widely that it is best to get as many quotes as you can. Unfortunately, when it comes to a second home, that approach rarely is possible: most of the big insurers will not even consider covering a holiday home unless your main residence is also insured with them. They may even insist on getting both buildings and contents business from you before agreeing to take on the second address.

Their reluctance is based on experience that unoccupied homes are a higher risk, and not just from burglaries. Most claims arise from water damage, whether from burst pipes or storms. An unnoticed burst pipe can cause havoc while a missing tile can let through a lot of water before it is spotted.

For this reason, most insurers impose stringent conditions. They usually demand either that the water system is drained if you leave the property for more than 24 or 48 hours, or ask you to leave the heating on. Most also require that a neighbour or agent should check the property regularly.

Insurers have long memories when it comes to assessing risks. Isolated cottages in north Wales still make some underwriters nervous, even though several years have passed since the last one was burnt down. Most companies say they will look at each case on its merits but, by and large, a cottage in Wales will cost more to insure than one in Cornwall.

Some insurers – Royal Insurance and General Accident are two – charge the same for a particular area whether a house is a main or holiday home, but cover for the latter is likely to be restricted. Personal effects and valuables are a common exclusion – it is assumed you will not keep a collection of Ming china in your Highland croft – and any jewellery you take along to dazzle the locals will be covered under an all-risks clause in your main house policy. Some companies also exclude accidental damage, and offer only indemnity rather than new-for-old cover.

Other insurers load the premiums for second homes to compensate for the increased risk. Norwich Union adds 50 per cent while Eagle Star charges 10 per cent more for buildings and 17.5 for contents. Guardian Royal Exchange loads contents premiums by 100 per cent, but charges the normal rate for building cover. Be warned, though: higher premiums do not necessarily mean that

cover is as comprehensive as your main household insurance.

Only a handful of companies offer stand-alone policies designed specifically for second homes. One is the Andrew Copeland group (081-656 8435), which deals with both UK and foreign holiday homes, whether private or used for letting. It can quote immediately for properties in the UK, France, Spain, Portugal, Cyprus, the Balearics, Canaries, Malta, Greece, Italy and Ireland.

Standard cover abroad costs £2.50 per £1,000 for buildings, and £6.25 for contents; the UK equivalent is £2.75 and £3. Homes in other countries are referred to underwriters for a quote.

Another specialist is Holiday Homes Insurance Services (0708-730 236). Its policies, underwritten by London & Edinburgh and sold direct or through brokers, can cover second homes in the UK, France, Spain, Italy, Greece, Portugal and Malta. Building cover costs £2.75 per £1,000 abroad and £3 in the UK; contents are £6 per £1,000 abroad and £6.60 in the UK. One of its specialities is providing cover in the UK for chalet-style wooden holiday homes, which most insurers reject.

Florida is increasing popular for second homes but UK insurers generally are reluctant to offer cover there or anywhere else in the US. This is because the public liability cover standard on European policies is unlikely to be enough to cope with the huge damages awards made by American courts. Owners of second homes there usually are recommended to take out insurance locally.

Few of the large UK insurance companies will themselves insure holiday homes abroad but many have subsidiaries or associate companies in European countries – and sometimes elsewhere – to which they can direct customers. One benefit is that local insurers may prove cheaper and speedier at dealing with claims, and will provide policies adapted better to regulations and conditions on the spot.

Subsidiaries of UK insurers may also have the advantage of offering an English language service, which could be a comfort for Tuscan villa-owners whose Italian can cope better with menus than the small print of policies and claim forms.

Allowing friends and relatives to use your holiday home presents few problems – some insurers even welcome it, seeing any increase in occupancy as reducing the risk – but renting it, whether occasionally or regularly, is a complication from the company's point of view. It is important to let it know if you are planning to let the property; otherwise, any claims could be rejected.

If you let only occasionally, and on a fairly non-commercial basis (say, to work colleagues or friends of friends), the company might be willing to cover you, but it will exclude accidental damage and theft except where there is evidence of forced entry. If you rent the house regularly to strangers, you will have to switch to a commercial policy rather than standard household insurance.

Unit Trusts

How Fidelity bounced back

*In the first of a new series, **Philip Coggan** looks at a fund with aggressive instincts*

FIDELITY Special Situations was one of the first four funds launched by the US fund management group when it moved into Britain in 1989. Anthony Bolton, who has managed the trust from the start, says it is run as an aggressive fund, prepared to invest in companies in which other people are not interested. The concentration tends, accordingly, to be on the less-analysed, medium-sized and small company stocks, with only 5-10 per cent of the fund in the FT-SE 100 index.

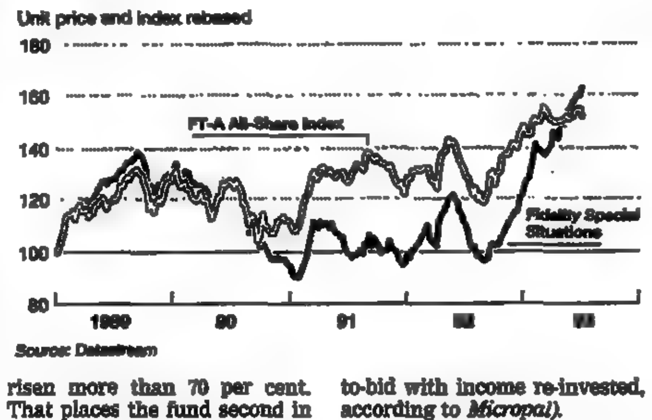
This can lead the fund into trouble during recessions when, for safety reasons, investors favour the more heavily-traded big capitalisation stocks. As the graph shows, the trust performed poorly over the period from late 1989 to September 1992. Investors who bought at the 1989 peak waited 3½ years before they got their money back.

Part of the problem, admits Bolton, was that the portfolio contained too many disasters – stocks where the investment was lost totally, such as Parkfield, Davies & Newman or Babcock Prebon. But he adds that some of the companies which he backed steadfastly through the recession, participating in rescue rights issues, have turned up trumps in the past nine months. Tie Rack, for example, has risen nearly sixfold from its low ???????check.

Since the pound's exit from the European exchange rate mechanism, the bid price has

Fidelity Special Situations

Unit price and index rebased



Source: Datastream

risen more than 70 per cent. That places the fund second in the UK equity growth sector over the year to July 1, with growth of 37.3 per cent (offer-to-bid with income re-invested, according to *Micropal*).

The relative performance of Special Situations over 10 years is also very strong. It is third out of 50 funds over the period, with growth of 484.9 per cent. Over five years, it is 23rd out of 115 in the sector, reflecting an increase of 59.8 per cent. It is only over the three-year period, where the ranking slips to 63rd of 136, that the relative performance looks unimpressive.

Bolton says that people tended to opt for Fidelity's American fund in the early years because of the group's US origins. It took time to build up a record in the UK. The strong growth achieved by the fund in the mid-1980s helped turn it into one of the largest in the sector and, by last month, it had grown to a healthy £345m.

Bolton feels that is too large to be run by one man, and he relies on a dozen analysts who follow every stock collectively. The portfolio has 104 companies and he tries to follow a strict stock-picking approach, not letting a "macro view" determine his positions. Accordingly, the portfolio is eclectic.

His largest holding is in WPP, the advertising group run by Martin Sorrel which over-reached itself by aggressive expansion in the 1980s. Bolton says the company, having survived two financial reconstructions, should benefit from a consumer-led recovery, although he is reducing his stake after a good run for the shares over the past year.

The second largest stake is in VSEL, the submarine group. Bolton explains: "There is a hole in the order book after 1997 which makes many people nervous, but the company is piling up cash." His next-largest holding is in News International, Rupert Murdoch's UK publishing company.

Other large holdings include recovery plays such as Mirror Group and Wickes and Burton, and "undervalued situations" such as St James's Place Capital and Security Services – where Bolton believes the market has not recognised the value of stakes in, respectively, J. Rothschild Assurance and Cellnet. Bolton also has a substantial stake in Granada, where he has high hopes for the group's interest in the satellite TV station BSkyB.

The trust is run with the aim of capital growth, which means Bolton has no dividend yield constraints on his investment policy. Only accumulation units are on offer, so this is not a fund for those who need income.

■ **Charges**

The initial charge on the units is 5.25 per cent and the bid-offer spread on July 6 was around 6 per cent. The annual charge is 1.5 per cent. The minimum investment is £1,000.

On the savings scheme, the minimum monthly investment is £50. There is a 1 per cent reduction in the initial charge for those who continue to save for two years. Anyone who invests £100 or more a month gets 1 per cent off the initial charge immediately, and a further 1 per cent discount after two years.

Special Situations qualifies for a Pep. Fidelity has a low initial Pep charge of 2 per cent, but it does impose exit fees on those who sell during the first three years. The exit fee is 3 per cent in year one, 2 per cent in year two and 1 per cent in year three. So, those who hold their investment for three years will see lower charges inside a Pep than outside it.

Directors' transactions

AN ELEMENT of uncertainty has surrounded quoted nursing home companies because of proposed changes in community care funding. But this has not stopped **Quality Care Homes** from producing a very strong share price performance since its stock market debut last July. Duncan Bannatyne, managing director, has now sold 300,000 at 265p just after announcing interim results which showed a healthy increase in earnings over last year. But he retains more than 9m.

Directors in **Control Techniques** have a history of deft timing when trading in their own shares. Clement Wheatley, chairman, bought 72,000 at just under £2 in March last year while his colleague, Professor Pat McKeown, a non-executive director, bought 4,000 at much the same price some six months later. Neither has yet decided to take his profit but managing director Kevin Curran has chosen this moment to sell 100,000 at 337p.

The shares have virtually doubled over the past seven months, and even over a 12-month period they have outperformed the market by approximately 35 per cent. When interim results were announced at the start of June, the chairman revealed that overall order bookings were up 20 per cent compared with the same period last year.

We rarely record open market purchases by directors in **Marks & Spencer**, but this week is an exception. Philip McCraken bought 10,000 at 345p.

Colin Rogers, Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Amersham Intl	Hlth	45,000	358	2*
Bentalls	Stor	20,000	20	1
Berkeley Group	C&C	10,112	40	1
Betterware	Stor	15,500	38	1
Bowater	Pack	8,000	39	1
Bradstock	InsB	245,000	338	3
Control Techniques	Elns	100,000	337	1
FII Group	Misc	5,870	26	1
Govett Oriental	InTr	50,000	142	1
MacFarlane Group	Pack	22,000	41	1
Meggitt	EngG	79,669	85	1*
Quality Care Homes	Hlth	300,000	795	1
Rowe Evans	Plan	100,000	53	1
Staveley Industries	Othl	103,669	235	1*
Syltone	EngG	34,038	92	1
Vaux Group	Brew	69,740	206	1*
PURCHASES				
Astec (BSR)	Elns	150,000	95	2
Coutts Consultg Grp	BuSe	75,000	31	4
F & C PEP Inv Trust	InTr	20,000	22	1
Iceland Group	FdRe	9,896	24	2
Invesco	OthF	30,000	35	1
Marks & Spencer	Stor	10,000	35	1
Quadrant Group	H&L	800,000	144	5
Suter	Othl	20,000	31	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 28 June - 2 July 1993.
Source: Directus Ltd, The Inside Track, Edinburgh

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Co-operative Bank	Pathfinder	0345 252000	Instant	£100	5.84%A	Mly
Birmingham Midshires BS	First Class	0902 302090	Postal	£500	6.75%	Yly
Northern Rock BS	Postal	0500 505000	Postal	£2,000	7.05%	Yly
				£20,000	7.55%	Yly
NOTICE A/cs and BONDS						
Bradford & Bingley BS	Direct Notice	0345 247247	30 Day	£1,000	7.00%	Yly
				£25,000	7.75%	Yly
Chorley & District BS	Astley Share	0257 279373	5 Mth	£75,000	8.55%B	Yly
Chelsea BS	Premier VII	0800 272505	30.9.95	£10,000	8.00%C	Yly
MONTHLY INTEREST						
Britannia BS	Capital Trust	0800 654456	Postal	£5,000	6.55%	Mly
Bristol & West BS	Balmoral Monthly	0800 100117	30 day	£25,000	7.55%	Mly
Bristol & West BS	Limited EditionBd	0800 488487	31.01.95	£25,000	7.81%	Mly
Chelsea BS	Premier VII	0800 272505	30.9.95	£10,000	8.65%C	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£25	8.05%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	8.00%	Yly
National Counties BS		0372 739702	5 Year	£3,000	7.90%	Yly
Dudley BS		0384 231414	5 Year	£10	7.87%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.50%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.10%	Yly
				£25,000	7.10%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	7.07%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	6.25%	Yly
Confederation Bank Jersey	Flexible Investm	0534 608060	60 Day	£10,000	6.75%	½Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£50,000	8.00%	Yly
Bristol & West Intl Ltd	Intl Premier	0800 833222	6 Mth ‡	£5,000	8.55%	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	5.00%	Yly
Consolidated Life FN		081 940 8343	2 Year	£2,000	5.70%	Yly
Consolidated Life FN		081 940 8343	3 Year	£2,000	6.35%	Yly
Consolidated Life FN		081 940 8343	4 Year	£2,000	6.45%	Yly
Laurentian Life FN		0452 371371	5 Year	£50,000	6.60%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%	Yly
	Income Bonds		3 Month	£2,000	7.00%	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.34%	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. ‡ = After 6 months qualifying period.
A = Initial deposit of £5,000 or £100 per month required. B = 0.6% bonus providing no withdrawals per annum. C = Rate fixed until 1.10.93. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

MINDING YOUR OWN BUSINESS

The art of running a gallery

***Heather Farmbrough** on the hard work behind the popping wine corks*

Picture this: Anne Mei-Chadwick in her gallery on the New King's Road in London

"IT IS a myth," says Anna-Mei Chadwick, "that running an art gallery is all about opening shows and bottles of wine."

Five days after the birth of each of her children, she was back at work at her gallery in London's Parsons' Green. She regularly works 10 hours a day, seven days a week. Yet when she advertised recently for a part time assistant in *The Guardian*, she received 1,000 applications.

Although she was an art market correspondent for seven years, Anna-Mei regards herself first and foremost as a retailer.

"The retail trade is very tough – you need stamina and a lot of help," she says. "Dealing with the general public takes a certain strength. Anybody can walk through that door – this year we've had a record number of flashers."

As the gallery has established a reputation for showing works by both acknowledged and unknown artists, every week several artists walk in uninvited trying to persuade her to exhibit their work.

In 1986, Anna-Mei was the art market correspondent for the *Antiques Trade Gazette* when she realised she had learnt so much about art galleries she could run her own.

With the early 1980s passion for prints on the wane, she felt there was an opportunity to sell affordable art. She found a 1,500 sq ft site on the New King's Road in Parsons' Green and after a long unsuccessful search for a suitable name for the gallery, a marketing friend suggested she used her own. She did, and the gallery opened in the autumn.

Initially, she approached artists she knew and found others by going to open shows and competitions. She concentrates on artists with promise who are not necessarily well-known. In the early days, most paintings sold for under £500; nowadays £500 is the average price with a limit of £6,000. To keep costs down, she insists frames should be inexpensive and simple.

She tries to create a firm market in her artists' pictures. "We don't pay retainers and don't have exclusive contracts with our artists, so we rely on their loyalty to come back," she explains. "We have a set commission for all our artists and pay within 30 days of the end of the show which is unusual. Our artists know we don't juggle around with the prices on the wall. If you give discounts then people know the pictures on the wall were overpriced in the first place. Besides, if people came in from the City they'd beat me on the haggling."

At the first one-man show in 1987, featuring the paintings of Roy Freer, just three paintings were sold at the private view. By 1991, clients queued for hours outside before his show opened. That evening, £30,000 was turned over. That, says Anna-Mei, was exceptional.

Each year, the gallery runs some 17 shows, some shared. The summer exhibition displays the work of about 30 artists. Private views cost £2,000: "People always think the expensive part must be the wine, but a couple of cases of wine cost nothing compared with printing the invitations and sending them out," she says.

Attendance is unpredictable, although the presence of one or two celebrities invariably helps. "One of the lowest turnouts was the night that England played in the World Cup semi-final against Germany, although we did very well that night because the people who came were all serious about buying," she recalls. The recession has had a similar effect: fewer people come to shows than in the late 1980s, but those who do, often buy.

This year, Anna-Mei expects turnover to reach £250,000. Although it has risen steadily since the gallery opened, it was two years before she took on a full time assitant – and then only because her first child was due in a month's time. She now employs one full-time and one part-time assistant but feels even if she could afford to take on more, she would still need to be in the gallery much of the time. Clients and artists expect to see her.

"Running an art gallery is a very personal business – you have to be there, rather than an assistant. It's not like running a chain of shops."

When she started, her husband, a chartered accountant, took care of the book-keeping. Over the years, Anna-Mei has taken this over. Rent is the main cost, then wages. It has not been all plain sailing: a computer supplier went bankrupt and there have been burst mains and a flood. She has also had to install security tags to counter the pilfering of prints.

The clientele and stock of artists were boosted in 1989 when Anna-Mei bought the client list and artists' names from Karen McGrath, the owner of the McGrath gallery on Richmond Hill, which was closing down. In spite of the offer of partnership with a West End gallery, she has preferred to keep the gallery small and independent while the children are young and has no desire to move to the West End.

Besides, she says, being small means "you can do your own thing and afford to make one or two mistakes." The worst of these was when her former assistant rang a client's wife to inform her that she could collect a painting bought by her husband. It was then discovered that he had actually bought it for his mistress.

■ *Anna-Mei Chadwick, 64 New King's Road, London SW6 4LT 071-736-1928*

Three rules for staying in the saddle

"BUSINESS plan? Waste of paper," pronounces Athene English with the confidence that comes with survival.

From her shop in Hay-on-Wye, on the Welsh Borders, Athene makes by hand, and sells, a range of bags, wallets, saddlery, hunting and shooting items. Raw materials include traditional English leathers, and 200-year-old Russian reindeer skins recovered from a shipwreck. Items are costed by adding the price of the raw material to labour, calculated at £5 an hour, then applying a mark-ups of 33 per cent for wholesale buyers and up to 100 per cent for retail. Off-the-peg retail prices range from £5.85 for a reindeer key ring, to £1,450 for a reindeer attache case.

"The mark-up is reduced the more labour-intensive the item," said Athene.

She began her working life as a professional horse-rider, became PA to the managing director of Gucci, then helped run a small wine import business. Drawing on all three experiences, she set up her own business, The English Saddlery Company, in 1982. When she started she drew up the three rules that have carried her through: "One, I was going to produce the highest possible quality work. Two, absolutely no credit extended. And three, no bank loans: if my business didn't pay for itself, I would close it down."

Athene did a one-year course in saddlery under Tops, a now-discontinued government training scheme. She bought a set of hand tools for £250 the last of her TOPS grant. Then she moved to Cirencester – "because it's a well-hooved area" – and started trading. Her working capital was just £500.

Athene's survival in the early days was due largely to her location on public view in the Cirencester Workshops where craftspeople enjoy subsidised rents. "I was paying around £20 a week," she said.

Her first order was to make a parrot lead. "I said yes to all commissions. The satisfied customers passed the word around. That way, I built up a strong local customer base."

In the first year Athene's turnover was £5,000. Over the six years she stayed at Cirencester, this rose to £13,000. Her customers included international polo players, and a member of the royal family.

In 1989 she moved to Hay-on-Wye, close to where she grew up. She decided to concentrate on the more commercially viable small leather goods. She changed the company's name to the English Leather Company to reflect this policy. "I realised that I had to take my product to the market, build up a wider clientele," she said.

After talking to other leatherworkers, Athene decided to trawl the trade shows. In 1989, she went to the New York International Gift Show, paying £1,500 to exhibit. "I didn't get a single order. It was a really low point. I felt I had misjudged the market."

One month later, a Japanese company which had been at the fair placed a large order. Others followed. Japan and the US swiftly became big customers. By the end of 1991, 75 per cent of business was export. Turnover that year was £39,000. Recently she has stopped exhibiting. "It was getting too expensive, and my customer base was changing. Today, 60 per cent of my goods are sold into the home market – increasingly by mail order, which now takes up approximately 20 per cent of the total," she said.

Turnover has grown steadily. Last year, it reached £54,000. The problem today is insufficient manpower. Athene employs a part-time shop assistant. Twelve months ago she started contracting out some items – about 10 per cent of orders – to three fellow craftsmen.

She has made a decision which will enable her to increase production and relax a little. "The Welsh Development Board is giving me a grant/loan package worth a total of £8,000," she explains. "I'm investing in some machinery to do routine tasks." The grant also means she can employ two administrative assistants, giving her the pleasure of going back to where she began – simply making things.

■ *The English Leather Company, Mortimer House, Castle Street, Hay-on-Wye, Herefordshire HR3 5DF. 0497-821205*

Suzanne Askham

A string of problems

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

YOUR REPLY to the letter "Wife can't be used as a tax puppet" (May 29/30) caused us concern. Like many married couples, we have endeavoured to take advantage of the legislation on separate taxation of women by equalising our resources.

I gave my wife my tax-free lump sum on retirement, and wrote a simple letter to her confirming this gift. She invested it in the Britannia Capital Trust postal account in her sole name. Although I am an authorised signatory (in the event of her demise), I have never used this power.

It is necessary that the income from this investment, together with my pensions, are used for our living expenses. These are paid into a joint account for this purpose. Any capital that is available is paid into her Capital account.

Our anxiety is that, during these past three years, my wife has purchased from her Capital account three general personal equity plans (in her name and mine), three single-company Peps (in each name), and two Tessas. We each select the shares in our own Peps.

Where does the dividing line occur? Are we transgressing Inland Revenue rules?

■ It is impossible to say where the dividing line falls – or, to be precise, only the courts can say where it falls in any particular case, having regard to all the evidence. As we have explained in replies over the past four years or so, the anti-avoidance provisions of (inter alia) section 674A of the Income and Corporation Taxes Act 1988 are widely drawn.

On the other hand, the Revenue makes it clear – in, for example, the free booklet IR83 (Independent taxation: a guide for tax practitioners) – that, in practice, it does not always follow the rules laid down by parliament in 1989 to stop married couples entering into tax-avoidance arrangements.

If you have not yet seen a copy, we suggest that you ask your tax office for the free booklet IR83. After reading it, you and your wife must either each make up your mind on whether you consider you are covered by the extra-statutory concessions outlined in the booklet (bearing in mind the general warning: "A concession will not be given in any case where an attempt is made to use it for tax avoidance"); or talk decide if you should seek professional guidance through the tax minefield from a local accountant or solicitor.

A third course of action would be for each of you to make a complete disclosure of the facts to your respective tax inspectors – and then wait to see if retrospective assessments are made (carrying interest and penalties for late disclosure of liabilities under section 674A etc.).

German tax bill

I OWN Dresdner bank shares and have been unable to find out if I can get relief for the German tax deducted.

■ Presumably, 25 per cent German withholding tax has been deducted from your Dresdner Bank dividends. Two-fifths of this tax is repayable to you, by virtue of article VI of the FRG-UK double taxation convention (as amended in 1970), and the bank which collected the dividends for you will be able to arrange for the appropriate refund from the German tax authorities.

You are indeed entitled to relief for the remaining 15 per cent German tax against your UK tax liability, and you might like to ask your tax office for the free booklet on double taxation relief, IR6.

Separate accounts

HOW IMPORTANT is it for husbands and wives to maintain separate accounts in order to satisfy the Inland Revenue that dividend and other income belongs to one or the other?

We have separate interest-bearing accounts at the moment, and a joint cheque account (either to sign) into which we transfer funds when necessary. But it would be simpler (and produce a higher rate of interest) if we also had a joint interest-bearing account into which all our funds were paid and to which we both had free access.

Would the Revenue accept tax vouchers and P60s (my pension) as proof of the receiver of the income for tax purposes?

■ If there have been no transfers of assets between you, then a joint interest-bearing account should not cause any problems under the anti-avoidance rules set out in, for example, section 674A of the Income and Corporation Taxes Act 1988 (inserted by the Finance Act 1989, on the introduction of independent taxation).

Ask your tax office for the free pamphlet IR80(1992) (Income tax and married couples) or, if you want more details of the anti-avoidance provisions (and extra-statutory concession), free booklet IR83 (1990) (Independent taxation: a guide for tax practitioners).

Inheritance and house prices

IN JANUARY 1991 my father died leaving an estate in which I was to inherit four tenths of the monies remaining after the estate and probate had been sorted out.

The estate had been placed into the hands of a solicitor as "trustee and executor" along with one other person.

The house was put on the market at £165,000 and with the remaining bank accounts and shares the total was approximately £180,000.

I believe that a sum of around £20,000 has been paid to the Inland Revenue, by the solicitor, in respect of inheritance tax. Subsequently however, given the recession and the bad housing market, the house was sold for £104,000 leaving the total amount of estate left at £119,000.

My question is, can I reclaim the inheritance tax already paid to the Inland Revenue as the final figure does not reach the NIL rate band.

■ You should be able to take advantage of the provision which allows you to substitute the sale proceeds of an asset for the probate value if that asset is sold within three years of death. The claim to make this substitution must be made by the executors who were liable to pay the tax. If the sale price of the house together with the other assets falls within the nil rate band, the inheritance tax paid could be reclaimed.

■ *This reply was provided by Barry Stillerman of Accountants Stoy Hayward.*

HOW TO SPEND IT

Designers with the future in their hands

***Peta Levi** on a series of exhibitions which show the breadth and vitality of Britain's young talent*

WHETHER IT is a dining table or a button that you want to buy or commission, the New Designers exhibition promises to be a happy hunting ground. Here is the chance to see work by more than 1,000 of Britain's best graduates, the crème de la crème of designers from some 50 different colleges all over the country. If you want to buy contemporary jewellery, ceramics, glass, cushions, scarves – even furniture or a rug – there will be lots to choose from.

Best of all the DTI (through Lady Denton, parliamentary under secretary of state for consumer affairs and small businesses) has invited some 7,000 industrialists to a preview for the first time since the exhibition started 10 years ago. For, though the exhibition is highly popular with consumers (last year about 14,000 people visited it), the response from industrialists has been deeply disappointing. This time the DTI is determined to make sure that those running Britain's manufacturing industries are aware of just how remarkable Britain's pool of design talent is. At the preview on July 14, Lady Denton will present awards worth £24,000 sponsored by industry and City livery companies.

Not everything on display will be for sale – in among the jewellery and the ceramics, the glass and the furniture will be prototypes or paper designs which their designers will be anxiously hoping to sell to manufacturers.

On the whole the experience of graduating designers is depressing – few British industrialists seem prepared to invest in employing a designer or in developing new products, in tooling or in the strong marketing that new products require. Over the last few years this has meant increasing numbers of design graduates have had to set up in business themselves, doing everything from sub-contracting the manufacturing and overseeing the development of their products to trying to market them.

Many young design businesses founder because they cannot do all these tasks and because they often cannot afford to promote and market their products internationally. To try and help them I started New Designers in Business last year.

This informal group of 60 fledgling design businesses with distinctly slim funding (a mere £15,000 from sponsorship), has already taken part in 11 international trade fairs including New York, Amsterdam, Dubai and Cologne.

Petter Southall, a Dorset furniture designer, says: "Our business owes its existence to NDB's help with exhibitions and press coverage. Last year our turnover increased by 30 per cent and 60 per cent of our total turnover was due directly or indirectly to NDB."

Helen Sayer, a Birmingham textile designer, was spotted at an exhibition by a Japanese company and won a £6,000 order for banners. A German car manufacturer commissioned £45,000 worth of chairs from furniture designers Tom Layton and Alan Perks of F.i.T. and Neil Bottle has exported £45,000 worth of textiles to the Far East and the US.

You can see work by these designers at another exhibition, New Designers in Business at Wolff Olins (Regents Wharf, All Saints Street, London N1), by the canal behind Kings Cross five minutes from the Business Design Centre. The NDB collection is open on 15 and 16 July (10am to 5pm) to coincide with the two Business Design Centre exhibitions – and thereafter by appointment.

It will have work by 60 new designers who have graduated over the last three years. All the work is in production and it includes a wide range of domestic artefacts from furniture, lighting, ceramics, glass to textiles and metalwork.

Also at the Business Design Centre is a second smaller exhibition, "One Year On", of the work of 25 graduates, some of last year's "New Designers" who have set up in business.

One trend evident at all three exhibitions is experimentation with metals – mild steel, sheet metal, tubular steel, aluminium, bronze, brass, copper, silver, gold and pewter – and with techniques for colouring and patinating. For many years designers have concentrated on casting metal but now they are rediscovering the pleasures of working this malleable material.

Sophie Wilkinson, a "One Year On" exhibitor, says: "Metal is a substantial material, not easily destroyed which can be worked in many different ways – you can forge, weld, hammer, emboss, bend, cut and decorate it." Sophie, a Middlesex University graduate, makes decorative bowls from scrap steel. She plasma-cuts old ballcock valves and patinates them in subtle coppers and bronzes, blues and greens.

The new metalwork varies enormously. On view at "New Designers" are fine pieces of jewellery sitting side by side with large scale architectural work. Particularly striking are three large sculptures in forged steel by Peter Clarke, incorporating copper, bronze and gilded metals. They include a weather vane and a bird's station – the bird's nest is in the shape of an egg, and metal leaves act as water collectors for the bird baths. Peter, aged 40, is one of a growing number of mature students. He spent most of his life in the cloth trade. After being made redundant he did a foundation course at Sir John Cass and a 3-D metal course at Camberwell College of Arts. He hopes that through "New Designers" more people will see and like his work and that more commissions will come his way.

By contrast (but illustrating the breadth of the Camberwell course), Eleanor Kearney is developing a range of pewter tableware. She did her own market research on companies which still manufacture pewter and approached Wentworth the Pewterers in Sheffield, who were prepared to make a prototype of her teapot (for sale at £220). She hopes to batch-produce the teapot, develop a tea service for manufacture and start a mail-order service to bring the price down.

Kent Institute of Art & Design's excellent silversmithing course has regularly produced winners of the Worshipful Company of Goldsmiths' awards at New Designers. Two winners, Steve Ottewill and Justin Richardson, who have just set up in business together, will be exhibiting their magnificent silver tableware, including water jugs and goblets, in the "One Year On" exhibition.

In the same exhibition is a fully operational telephone, encased in a 5 ft tall welded steel man, which encapsulates the philosophy of many new designers – to make every-day objects interesting to look at and a pleasure to use. What a client-catcher in, say, an advertising office!

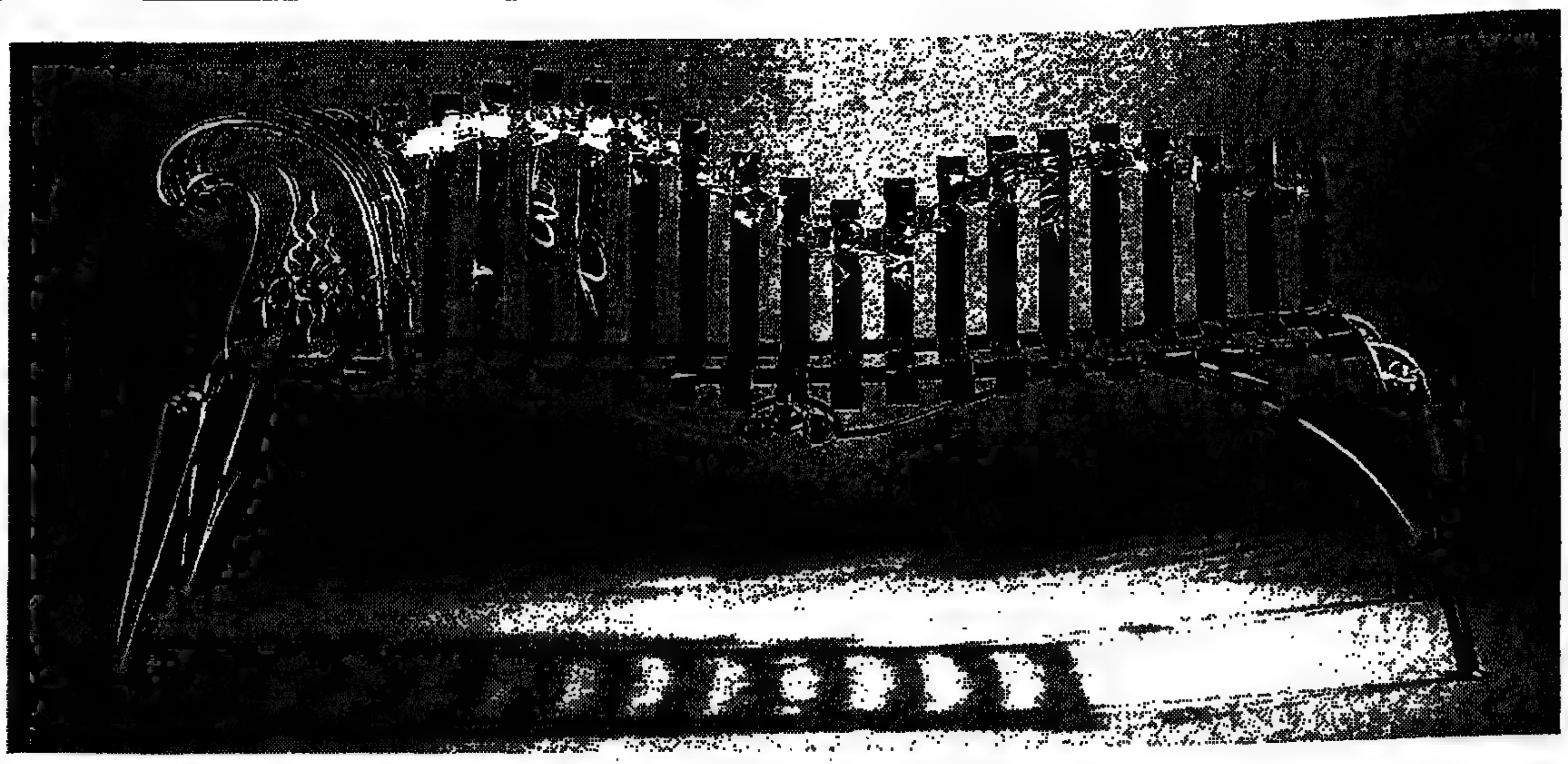
Jane Atfield, who graduated from the RCA last year, is one of the disappointingly few designers currently experimenting with recycled materials – she uses brightly-coloured plastics for her chairs and rags for the upholstery.

If the end of the last decade saw an explosion of new metalwork, the 1990s may herald a new product age. Watch out for the product designers on the Brunel, Sheffield and Teeside University stands at "New Designers." Perhaps this time next year production Patrick Johnson's fibre-optic cable security system, Sarah Beattie's hand-held sewing machine and Christopher Dumont's portable coffee maker will all be in production. But who will be producing them?

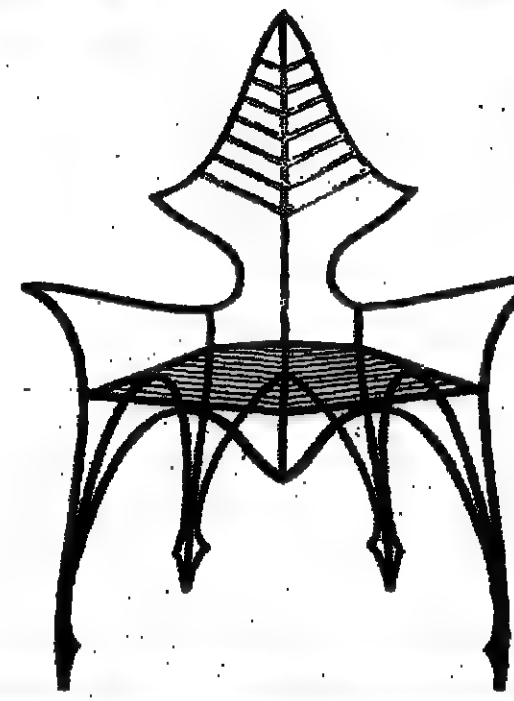
■ *New Designers and One Year On are on at the Business Design Centre, 52 Upper Street, Islington, London N1 from 15 to 18 July. Opening hours are from 10am-8pm on July 15, from 10 am to 6 pm on 16 and 17 July and from 10 am to 4 pm on 18 July. New Designers is sponsored and organised by the Business Design Centre.*

■ *New Designers in Business is at Wolff Olins, 10 Regents Wharf, All Saints Street, London N1 on 15 and 16 July from 10am to 5pm and thereafter by appointment with Peta Levi (fax 071-435-5487).*

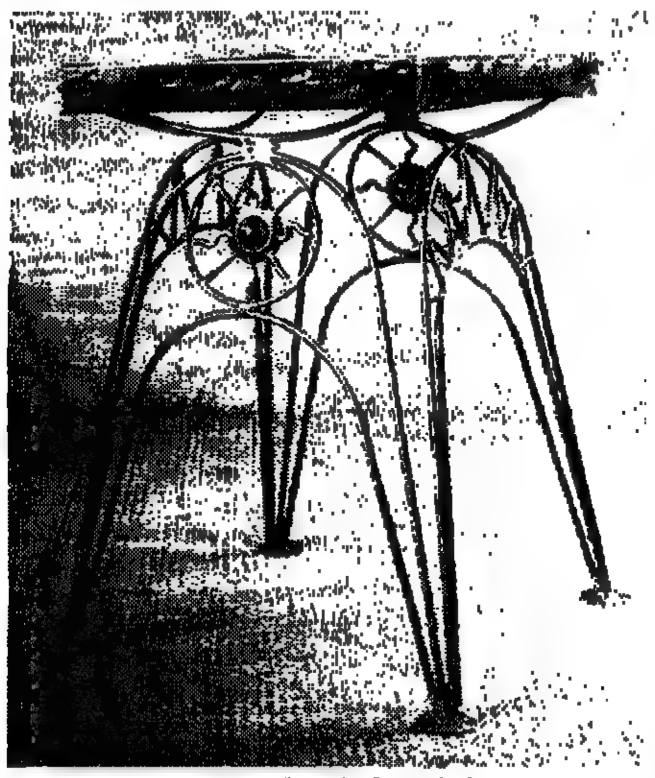
■ *One Year On will go to the Spacex Gallery, 45 Preston Street, Exeter EX1 1DF from 6 August to 4 September where it will be open from Tues-Sat, 10am to 5pm.*



Above: Ground steel and lacquered chaise-longue with decorative glass marbles by Adrian Reynolds, £1,600.

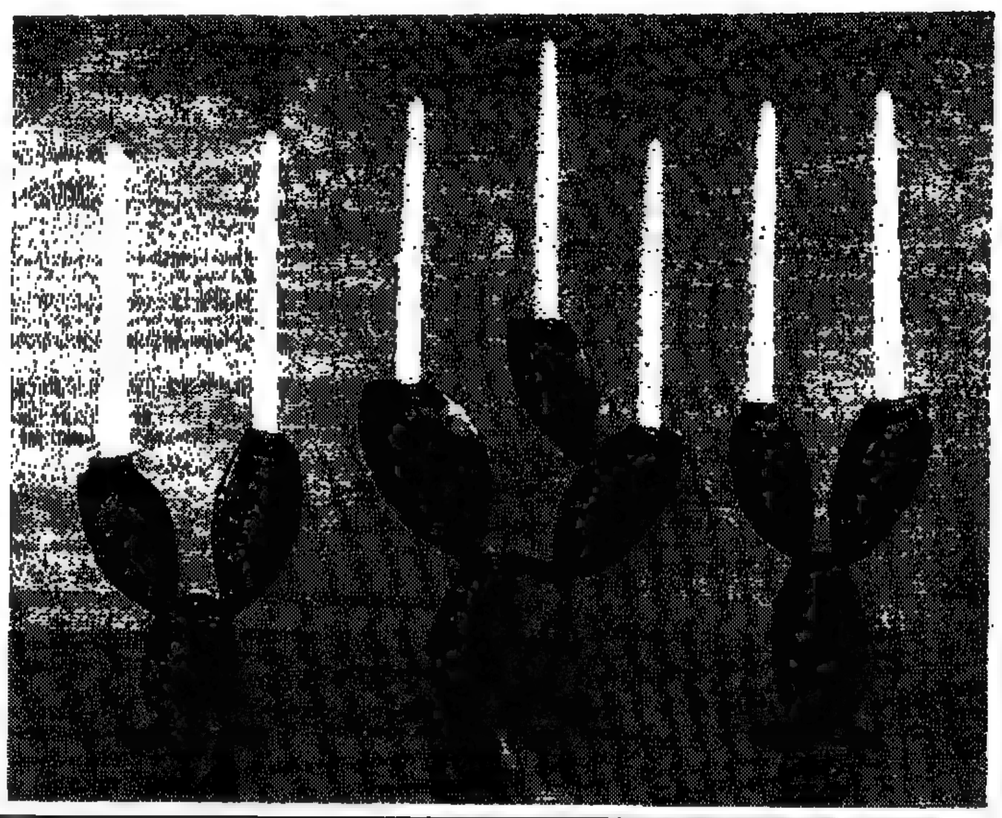


Right: Chair in mild steel bar, cold-formed, blued and waxed, by Rupert Burdett, £648, at the New Designers in Business exhibition.



Hand-forged ground steel table by Adrian Reynolds, £320

Left: Telephone housed in a formed tubular steel sculpture. About 150 cm high, by Paul Badham, £1,200.



Right: Metal candlesticks in the shape of catci by Paul Badham, £15 each

Below: Decorative verdigris bowl in plasma-cut copper, £45, by Sophie Wilkinson.

All at the One Year On exhibition.

Below: Dyed mahogany and polished pewter tea-pot (prototype only) by Eleanor Kearney, £220. At the New Designers exhibition.

FASHION

Victory to the cavaliers of style

***Jane Mulvagh** says the women's fashion press divides into two sects*

THE FEMALE fashion press can be divided into two sects: the timid puritans and the flamboyant catholics. While the puritans, the larger sect, favour austere, androgynous, all-black dress, giving the appearance of low-church parsons, it is the catholics who keep the business going and restore our delight in personal decoration.

The rarer brethren dress up not only for their own amusement but also for those around them. Whim, humour, invention and surprise are their commandments. At British *Vogue*, fashion director Lucinda Chambers' historicism and the foppishness of features associate Issey Delves Broughton have inspired many designers. The ethnic eclecticism of the freelance stylist Debbie Mason, hyacinth-and-peridot check tweeds of Hamish Bowles (American *Vogue*), the Fellini-esque costumes of Anna Piaggi (Italian *Vogue*) and the Van Dyck jabots and Restoration jewels of Suzy Menkes (*International Herald Tribune*), display their role as the catholic high priests.

When I joined *Vogue* in the early 1980s the editor, Beatrix Miller – a catholic in Calvinist clothing – encouraged a spontaneity and imagination in dress. The rarest bird in her aviary was Grace Coddington, a 1960s model turned stylist.

Every few months she would shed her plumage and arise phoenix-like with a new image. One month she was a Left Bank ingenue, with cropped hair, Breton T-shirt, cigarette pants and ballet pumps, the next her hair seemed to have grown rapidly and she was a pilgrim on an American prairie or an Elizabethan heroine framed in white lace.

"Bea" loved her cavaliers; be it Jane Ormsby-Gore who ransacked her ancestors' dressing-up trunks for a floor-length, Dick Turpin cape and a mammoth "drugs dealer" felt hat whose feathers tickled the corridor walls, or Delves Broughton with her velvet, diamanté-buttoned frock coat, laddered fishnets and dizzily high silk-satin mules.

During my first week there I learned that at *Vogue* there is an outfit for every occasion. Walking into the loo one day I found a gaggle of assistants crowded round a cubicle and went over to investigate. Coddington had eaten a bad oyster. One of her assistants protested: "She can't get sick in her Calvins – go and get her Levis." At *Vogue* there is even an outfit for getting sick in!

Busy men (Lord Snowdon and Sy Newhouse, the chairman of Condé Nast) would pop into Vogue House just to see what Chambers was wearing. Would it be her Gandhi-esque dhotis made from muslin wrapped round her lower torso and worn with one of her 1940s blouses, Tuscan straw clogs and huge straw hat decorated with fresh flowers, or a 19th century peasant smock over gold leather, Glam-Rock jeans?

Sara-Jane Hoare of Harper's Bazaar in scarlet jacket and black leggings, worn page-boy style

Debbie Mason and Vogue's fashion director Lucinda Chambers in untypically sober mood

I remember dismounting from my bicycle one summer morning, dressed in a white Victorian camisole, bloomers and ballet shoes – quite normal, I thought, until I heard one of the doormen mutter: "In my day if I got my girl down to that I knew I was in business!"

You realised terminal "fashionitis" had set in when you heard yourself saying at dinner parties: "But everyone has a pair of beige, peg-topped Armani trousers, don't they?" Once a fashion girl starts talking like a caption it is time for rehabilitation.

For the fashion press the trick is to devise a look and stick to it no matter what delight or folly is served up as the latest thing, thereby avoiding bankruptcy and sartorial schizophrenia. Few manage to walk this tightrope without succumbing to a "buzz" haircut (shaved up the back of the neck), platforms or Japanese deconstructionism.

One who managed it was the minimalist Sophie Hicks, now an architect. At 17 she started wearing men's clothes, initially Death in Venice sailor suits, and to this day she still wears bespoke Savile Row suits, to show-off her short boyish hair and scrubbed complexion.

One of the interesting conversions of late has been that of Menkes to almost papal stature within the catholic ranks. The enlightenment came when she moved from London to Paris. She discarded her London vestments – sober, unmemorable – in favour of dress that recalls the confidence of the Farnese papal dynasty, the colour verve of the Fauvists and the trinket collecting of an African chieftain laden with talismanic tribal necklaces and bracelets. She embodies high fashion luxury and decoration and sports the insignia of the trade's chief catholics: permanent sunglasses, laptop computer, and her idiosyncratic signature a bouffant coiffure in the shape of a cottage loaf.

These limousine-sheltered creatures are, on the whole, the exceptions. Many rank-and-file fashion journalists dress in a dreary and undecorative, sexless manner. And yet these are the women who pontificate from their pages on how our wardrobes should look. Why? Timidity born of knowledge, I would guess. Rather than make a sartorial mistake, they play safe, avoiding colour, pattern and frill. They defensively argue that black is modern, classless, slimming and cheap and, being constantly on the road, they can travel light, for everything matches.

Their shibboleths are leggings, tailored trousers or leather jeans, leather biker's jackets (which Sir Hardy Amies refers to sniffily as "anoraks"), John Smedley polo necks, white shirts and a quilted leather Chanel handbag rucksack or purse, all in colour-shy black.

They also favour sanitised and risibly expensive street-culture accessories – baseball caps, biker's boots, bumbags slung over non-existent bellies – borrowed by "witty Karl" (of Chanel) from clubland. Even the middle-aged are sometimes lured into such youth gear.

Above left: Anna Piaggi of Italian *Vogue* in one of her Fellini-esque costumes
Above right: Ethnic eclecticism from stylist Debbie Mason
Right: Minimalist Sophie Hicks, now an architect, with cropped hair and mannish suit
Far right: Issey Delves Broughton in foppish hat and veil
Photographs: Niall McInerney and Chris Moore

And yet, this puritan sect is at pains to avoid looking feminine lest they be admonished for arousal.

The occasional deviations into decoration remind one of the black magpie's attraction to gaudy geegaws: swags of cheap gilt chains, pinchbeck snaffles and confidence-boosting logos. Weighed down with such fool's gold they conjure up images of provincial mayors parading their decorations of office or, worse, a gilt chain gang of slaves to the mode.

Suzy Menkes of the International Herald Tribune in a Van Dyck jabot

Hamish Bowles of American Vogue in violet and yellow check tweeds

Grace Coddington, now head of fashion at American Vogue, etheral, pre-Raphaelite in sober black

Perfect shirts

***Lucia van der Post** visits Hilditch & Key*

ANYBODY who has ever read *The Great Gatsby* will remember the description of Gatsby's shirts "piled like bricks in stacks a dozen high". So beautiful were these "shirts of sheer linen and thick silk and fine flannel" they made Daisy cry. They came, it hardly needs saying, from England which is still the home of the finest of the fine, still the place to which international designers turn when in search of that illusive thing: the perfect shirt.

Take Karl Lagerfeld. All his personal shirts, which run to somewhere between 100 and 200 a year, are made for him by the old-established Jermyn Street shirtmaker, Hilditch & Key. More than that, H&K also makes all the catwalk shirts for his shows – for Chanel, Chloe, Lagerfeld and Fendi. Pompidou and Greta Garbo, Marlene Dietrich and M Balladur have all been fans of the Hilditch & Key way with two-fold cotton poplin.

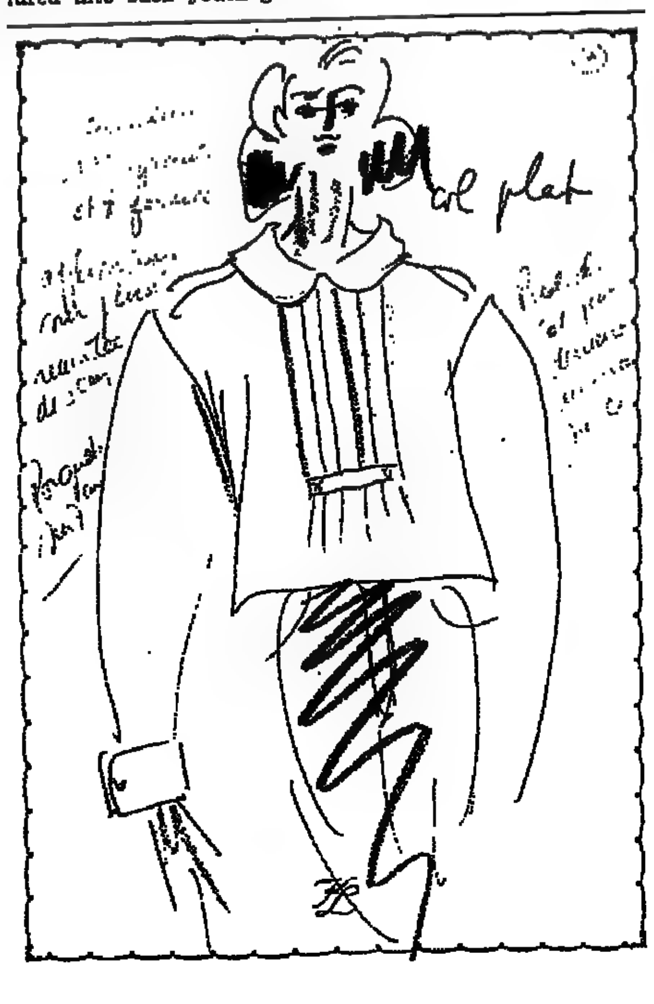
Making truly high-quality shirts in these mass-manufacturing days is a niche business, never likely, because of the costs and the handwork involved, to make its owners rich. Michael Booth, who bought H&K 17 years ago when it had a turnover of £200,000 a year and sold between 1,000 and 1,500 shirts, has taken it to the point where today it has a turnover of about £4m and sells between 60,000 and 70,000 shirts a year. He sees it as a small, specialised business which is almost a last bastion of traditional shirt-making skills.

Given that there are, as Booth puts it, "lots of reasonable shirts around" selling at about £25 a time, why is it that shirtmakers such as H&K need to charge anything between £55 (H&K's lowest price in normal times) and £115 (Turnbull & Asser's top price) for their wares? With good quality shirts what counts is, as the late Lord Marks is alleged to have said in another context, "detail, detail, detail."

They should be made of fine two-fold cotton poplin. If made of striped material the stripes should be matched on the placket, on a split yoke, between the shoulders and sleeve, as well as on the pocket and on the gauntlet attached to the sleeves.

The stitching also tells a lot. Single-needle stitching is much stronger and therefore finer than double-stitching (which is faster and cheaper). The collar should be made of two pieces with removable bones for a better fit and longer wear. Buttons should be mother of pearl and the back of the shirt should be 2 cm longer than the front – so that it will not come out.

And if all that attention to detail seems wasted on a mere man H&K now has a range for women – mostly made from the same two-fold cotton poplin but there are some in linen and a few in silk, some classic, some highly fashionable.



Superstar route for royalty

***John Lloyd** has been ploughing through the torrent of books on the British monarchy*

OF THE books about the British monarchy published in the first half of *this year, the majority* advertise in their titles that they are diagnoses of sickness, even death.

Two proclaim the fall of the House of Windsor. One gets "behind palace doors." Another borrows law court language – *Diana v Charles* – to emphasise the hectic distaste which the Prince and Princess of Wales conceived for each other. A fifth sees the crown as "tarnished." A sixth boldly psychoanalyses the family. A seventh homes in upon the royal marriages with the ruthless eye of the scandal-monger.

The books are themselves a pathology, for the four journalist-authors – Nigel Dempster/Peter Evans, Anthony Holden and James Whitaker – were all scribe-courtiers of, even fawners on, their subjects. Now they take the insouciant high ground of the scornful know-all, seeing "nothing but lechery" wherever they look.

For the writer A N Wilson, the most disdainful of them, the behaviour of Charles, above all, has been a betrayal of trust. Wilson is forced to suggest an unlikely alienation of the monarchy from the Windsor family in order to preserve it.

One of the two Ladies writing, Lady Colin Campbell, is a distant relation by marriage to the British royal family and to "most of the royal houses of Europe," and is bitchily revelatory, whisking aside bedroom curtains across a continent and four generations.

The one academic, a former Labour politician turned radical, *Stephen Haseler, sees the pass to* which sex has brought the monarchy as the starting point for his vigorous, neo-conservative republicanism.

Other critical books have been published since the second world war – that is, in the period when the royal family became the Holy Family (a myth started not by the present Queen but by her mother, that hard nut with a creamy, sweet coating). But Percy Black's *Mystique of Modern Royalty* and Kingsley Martin's *Crown and Establishment*, for example, were chiding, not radical.

In the late 1980s, two books were published which, although resigned to the continuation of popular sycophancy, nevertheless began to strike chords. The doughty republican Edgar Wilson's *Myth of the British Monarchy* appeared in 1989. More stylish was the Scots Marxist Tom Nairn's book, *The Enchanted Glass* (1988). It was a meditation on royalty and its acceptance in British public and fantasy life.

It was good stuff, but what else would you expect from a Scots Marxist? The fact that it attracted attention was not due to left-wing agitation but to something quite different: to the best impulses of Thatcherism – a dispassionate and undeferential questioning of the way we organise ourselves. This questioning left its mark everywhere, and has permitted some curious alliances in the 1990s – as on royalty. Linked to this was the growing lack of inhibition of the popular press.

Although they prepared the ground, the Thatcherites retreated from it because deference was still too strong in their bones. The most radical of them – Keith Joseph, Norman Tebbit, David Young and Margaret Thatcher herself – all in

> *'The royal family must create the largest and best-designed royal museum-cum-fun-park in the world'*

the end were too bourgeois to press the logic they had unleashed. They bowed the knee and took the peerage route into the decompression chamber of British public life.

Behind them, however, they left a right-radical popular press, led by *The Sun*, without the restraining influence of the leader herself. In the *past* two years the press has launched *attacks more forcefully* and promiscuously than ever before, reaching deep into previously taboo heartland. The medium for this travel into the forbidden zone was sex. These books, with the exception of that written by the Roundhead Haseler, are full of it.

This is natural enough. The British monarchy has much more of a duty to reproduce than to rule. Alone among the state functionaries of Britain, the monarch's sex life can be reasonably said to be of public interest.

The lamp of the media's attention has been hottest on Charles: he has melted, though not completely. Most of the books, especially Holden's and Wilson's, view the prince with real contempt, ridiculing his intellectual pretensions, his vacillation over marriage and his finally surly resignation in marrying.

Whitaker, with the wariness of a tabloid reporter who cannot afford to offend a future king – although he, as the others, doubts that Charles will now make it – is less censorious. He makes the even-handed, sad comment that "put at its crudest it came to this: he needed someone to produce a future king, she desperately wanted to be Princess of Wales." On balance he prefers the princess with whom, on his account, he has had a number of heart-to-hearts, especially just before the wedding – conversations which were clearly of great value (financially as well as emotionally) to him.

The male authors all agree that the princess was ready to love, but that she ran up against Charles' desire to carry on with a routine of duty, philosophising, polo, fishing and, ultimately, adultery.

In a soupy pre-marriage interview, both Charles and Diana were asked if they were in love. She simpered assent. He gave his, then added: "Whatever love means." Since that was not part of the wedding-of-the-epoch script, it was made little of. However, today's *republicans-come-lately see it as the* emotional viper in the bosom of the marriage.

Diana, already sanctified by Andrew Morton's *Diana* – a powerful and mythic work – has a much better time of it from the authors. All note her dimness, her ambition and, by far her most important characteristic, her chameleon-like nature.

With tabloid economy, Whitaker puts it best: "She had a knack for picking up the gestures that define a personality." Holden, quoting the US author Camilla Paglia, says that Diana "may have become the most powerful image in the world today, a case study in the modern cult of celebrity and the way in which it stimulates atavistic religious emotions." And he lists the stereotypes at which she now takes a turn: "Cinderella, betrayed wife, princess in the tower, mater dolorosa, pagan goddess, Hollywood queen and beautiful boy."

Lady Campbell is the notable dissenter from the general view that the princess is the more sinned against. She has written a magnificent book whose veracity it is completely impossible to determine, though her blood ties to *the royal families of Britain* and Europe would in nobler times have removed any doubt as to her word.

She is in every bed chamber, including that of the queen and the many occupied by the Duke of Edinburgh. Of Charles, she believes that a man in his position will, after the duty is done, take a mistress or mistresses. Diana's inability to tolerate this appears to her "irrational and childish." She presents the princess as a

All dressed up: Queen Elizabeth II. "The royal family can survive as charity superstars, but they must be ruthless with their ceremonial . . . Clever accountancy is not the option for them that it is for most of the rich."

tantrum-prone bully without the intelligence to grasp what was expected of her and the stakes for which she was gambling.

Of course, the famous "Camillagate" (Prince Charles) and "Squidgy" (Diana) tapes are represented in both Dempster's and Whitaker's book. The tapes' contents are well known. I found the Prince's conversation touching to the point of feeling a stab of sympathy for him, and Diana's deportment while she was being grossly flattered by James Gilbey unnervingly self-controlled and *narcissistic*.

Can the greatest surviving monarchy on earth live through this? As rational British citizens, we must hope not. But we must also – knowing the depth of its cunning, the rotundity of its purse and the reserves of popularity it still commands – fear that it can.

The answer to its survival lies with Diana. In her embrace of stardom and in her ability to lend herself to a series of pre-determined images – especially of the "caring" sort now so much in vogue – she has mapped out a route that her sister-in-law, Princess Anne, has already discovered in a lower-key way.

The British royal family can survive as charity superstars. They must be ruthless with their ceremonial, trimming it to what is amusing and splendid on occasion. They must open up not just Buckingham Palace but all the palaces, including the so-called "private possessions" like Balmoral and Sandringham – in reality, as *Holden writes, the product of Queen* Victoria's adroit begging for public finance. And they must open all the art and other collections.

They must create, probably outside London, the largest and best designed royal museum-cum-funpark in the world – a royal Disneyland. They must accept that clever accountancy is not the option for them that it is for most of the rich. They must eschew the marginal controversies which they have stirred up in the past in favour of being deeply, broadly, constantly caring.

It will be pretty sickly, but it might keep the show on the road, sparing us the horror of having to vote for a head of state like lesser races do.

■ *Diana v Charles*, James Whitaker, Signet, £14.99.
■ *The Tarnished Crown*, Anthony Holden, Bantam, £16.99.
■ *Inheritance: A Psychological History of the Royal Family*, Dennis Freidman, Sidgwick and Jackson, £14.99.
■ *Crowned Heads*, Lady Veronica MacLean, Hodder and Stoughton, £25.
■ *Behind Palace Doors*, Nigel Dempster and Peter Evans, Orion. £16.99.
■ *The Rise & Fall of the House of Windsor*, A N Wilson, Sinclair-Stevenson, £14.99.
■ *The End of the House of Windsor*, Stephen Haseler, I B Tauris. £14.95.
■ *The Royal Marriages*, Lady Colin Campbell, Smith Gryphon, £15.99.

Riding the rails past the ruins of Russia

■ From page I

If the ballerina was shocked by what she saw, her companions were more shocked by what they had to pay. The Soviet Union was never cheap for westerners, if only because of an artificially inflated rate of exchange which demanded sterling-rouble parity. In each city where foreigners were permitted, there was a hard-currency hotel and bar.

Today the rouble, debauched by Russia's central bank, is worth about a 10th of one American cent. Soviet citizens formerly had money to spend but nothing much to spend it on. *Thanks to the black market* racketeers, they can now buy most things – even bananas – but they cannot afford them.

In the two-tier economy that has emerged, foreigners must pay international prices if they wish to inhabit the first tier. One couple *from* the Bolshoi Express, more enterprising than the rest, discovered the remnants of the rouble economy and managed a day-long excursion into the countryside on 260 roubles (about 25p).

The others gagged when offered chips at the Slavjanskaya, a business hotel in Moscow, for $6 a plate. "But that's a teacher's weekly wage here!" they protested.

A young woman in one of the new private-sector souvenir shops admitted that she earned in three days what it had taken her a month to earn before as a teacher. Standing before rows of *matrioshka* dolls – the population of which has exploded – she confessed that her sights were raised higher still.

"I would like a foreign husband," she said, gaily.

Wasn't she married?

"Yes. But no good," she laughed. In the scramble for dollars, everyone has to be on the make. Military bandsmen go busking and children play truant from school to wheedle dollars at the places where the coaches stop. Books bought for roubles in the shops during the week go on sale on the street for dollars at the weekend.

Every trader is paying protection money to someone. The "protectors" are identified easily: they wear expensive and flashy clothes and lounge on street corners with mobile telephones to their ears.

They also control the prostitutes who now haunt the foreigners' hotels routinely. A couple of listless teenagers with dyed-blonde hair and leather mini-skirts sat in the bar of the Astoria, watching a television game show called *First Love*. It was a pygmy version of *Blind Date* in which precocious munchkins (some of them also wearing mini-skirts) won prizes and applause for cute comments about pre-teen romance.

The Bolshoi Express chugged southwards. The Old Etonian began to breathe more easily: his Russian barman had been persuaded to serve gin and tonics in one glass instead of two, the passengers had begun to form into discrete gossip groups and were, happily, looking out their desert wardrobes.

At Volgograd, formerly Stalingrad, where Hitler suffered his first defeat at the hands of the Red Army in the battle that changed the course of the second world war, this passenger turned for home.

The local airport is a rickety affair standing above the monstrous, grey city. The woman behind the counter pulled a face. "Moscow?" she said. "Flight is full up." Shown a ticket, booked and confirmed, she smiled, pityingly.

At that moment, two preppy young Americans came bounding into the foreigners' lounge. They joked in fluent Russian with the clerk, who seemed to know them. They were officials of the International Finance Corporation, the private sector arm of the World Bank, going home on leave after long months privatising the city of Volgograd. "Don't worry," they advised. "She always says that."

The woman pretended to make a telephone call, shuffled some papers, stamped the ticket, looked up and said boldly: "One dollar." It was the final squeeze.

* * *

THE Bolshoi Express runs from St Petersburg to Tashkent, and vice versa, stopping at Moscow, Volgograd, Astrakhan, Urgench (for Khiva), Bokhara and Samarkand.

The price is £4,990 for a couple, £3,445 single. Other routes: St Petersburg and the Baltic States (£4,790 double, £3,265 single). Moscow and the 'Golden Ring' (£4,390 and £3,045); 'White Nights in Archangel' (£4,190 and £2,845).

Prices include return air fare from London, food on board, bed and breakfast in hotels, transfers and sightseeing. Bookable through Cox & Kings Travel, St James Court, 45, Buckingham Gate, London SW1E 6AF, tel: 071-834-7472.

Science under the microscope

*Modern forensics raise serious questions of civil liberty, says **Larry Klinger***

ABOUT 100 years ago, a certain John H Watson, MD, arrived in London and met someone with whom to share lodgings. The doctor was warned that this fellow was a little queer in his ideas: his enthusiasm for science could be bizarre.

The two of them met at a hospital's chemical laboratory. At the sound of Watson's approach, he leapt up with a cry. "I've found it! I have found a re-agent which is precipitated by haemoglobin, and by nothing else. Why, man, it is the most practical medico-legal discovery for years . . . It gives us an infallible test for blood stains . . ."

A few days later, Sherlock Holmes and Dr Watson set up joint residence at 221B Baker Street.

"Holmes was on the right track," says Robin Keeley, head of the analytical chemistry department at London's Metropolitan Police Forensic Science Laboratory (MPFSL). "My colleagues tell me that Holmes' constant admonitions about too little attention being given to shoeprints can still be appropriate.

"However, Watson was less than prophetic when he claimed Holmes had 'brought detection as near to an exact science as it ever will be brought in this world'."

Robin Keeley and the other 220 scientists at the MPFSL – arguably the most respected laboratory of its kind in the world – are confident of their state-of-the-art tools, techniques and methods of examination. But they are also disturbed by their profession's lack of esteem.

As the efficacy of forensic science *grew, so did its use, especially* as the courts increasingly sought corroborative expert advice in support of circumstantial evidence and confessions obtained by the police. Today, there is hardly any serious crime that is detected that does not involve forensic science.

But never has it been so controversial, and nowhere is *this* truer than in Sherlock Holmes' England, where a royal commission of enquiry into the criminal justice system issued its report this week.

The commission was set up in the wake of the March 1991 acquittal of the Birmingham Six, who had spent 16 years in jail for alleged IRA terrorism. Their acquittal was based in large part on the discrediting of forensic evidence. The government said at the time that the inquiry was designed "to minimise as far as possible the likelihood of such events happening again."

This aim may yet be achieved, but the embarrassment for ministers, police, judges, lawyers and forensic scientists continued almost unabated. In addition to the Birmingham Six, further acquittals saw the release of the Guildford Four, the Maquire Seven and the Tottenham Three, among others.

Scientists at the MPFSL say their laboratory was not deeply involved in the now-overturned sensational terrorist convictions of the 1970s.

The main forensic evidence for these came from laboratories operated directly by the government. The Metropolitan Police laboratory itself is the only one in Britain, and possibly the world, run directly by the police and with an entirely civilian scientific staff.

However, MPFSL scientists agree with their counterparts in government laboratories that the reforms adopted since the 1970s have already provided important extra safeguards in the quality control of forensic examination itself, and in promoting disclosure to the defence of evidence that might be damaging to the prosecution.

In the more controversial convictions that were subsequently overturned, evidence had been produced to demonstrate virtually conclusively that some of the defendants *had handled explosives. It later* emerged that similar results might have been produced by the handling of soap or boot polish.

Of all the criticisms levelled at forensic science, the one that draws the most emphatic response from Brian Sheard, director of the MPFSL, is the accusation that forensic scientists are secret and conspiratorial.

"The laboratory is an open organisation," he says. "We are obliged by law, and believe it to be right, to make all our results available to the defence. The defence are always welcome here. They are welcome to make their own examinations. Our people will not interfere, except to help."

Conversations with Dr Sheard's staff bear him out. Apart from an understandable refusal to have their photographs taken front-on, and some reluctance to reveal tech-

A biologist examining a blood-stained knife at the Metropolitan Police Forensic Science Laboratory in London

niques that might help criminals avoid detection, they display an openness in discussing their work that is uncommon in most big companies and government ministries.

"Our role is to put expert evidence and interpretation before the courts," says Keeley, "not simply to try to put people in jail. We are *scientists*, which means we must maintain openness of mind.

"Almost ironically, some of our scientists feel uneasy about doing work *only* for the defence, because, unlike the prosecution, they are not required to freely make available results that might be embarrassing. To be able to bury inconvenient information sits very uncomfortably with many scientists.

"What people do not generally realise is that a lot of our work involves establishing innocence rather than guilt, to eliminate suspects from investigation, and as early as possible. Nearly 20 per cent of our DNA [genetic profiling] work produces that result."

Although Britain pioneered the development of finger-printing in the second half of the 19th century, modern forensic science was late in arriving in London.

Now, the Met's laboratory, in central London, is the largest in Europe, probably the best-equipped, and is renowned for pioneering work in the development of scientific methods applied to crime.

It helps to bear in mind three things about the MPFSL's work. First, much of its routine work involves establishing whether a crime has, in fact, been committed.

Second, almost all the laboratory's work involves corroborative, not investigative, work. The MPFSL's investigative work centres on only two of its units, both with specialised mobile laboratories and staff.

The Serious Crimes Unit can be involved in any major crime – murder, rape, armed robbery – and in many ways, such as applying chemical methods to discover blood stains. However, more than 90 per cent of its work involves discovering and developing latent fingerprints on surfaces such as shiny cars and dull paper such as cheques and airline boarding passes. In turn, the Fire Investigation Unit visits all fire scenes and some types of explosions in which death or serious injury has occured and virtually all where arson is suspected.

Third, the corrobative work, while involving sophisticated techniques, is still often analogous to the long-established practice in dealing with fingerprints: comparing in painstaking detail evidence "lifted" at the scene of a crime with evidence obtained from a suspect.

For example, MPFSL scientists can demonstrate with varying degrees of certainty that a minute strand of fibre found at the scene came from a jacket discovered in a suspect's home. They cannot prove that the suspect was at the scene, only that the jacket probably was.

Keeley can not only demonstrate that the wearer of that jacket recently discharged a firearm, but also that he carried a cigarette lighter, and therefore probably smoked – or, from certain chemical elements, that he had been involved in the cooking of food, and thus, if a man, might have been living alone.

Similarly, a floor down from Keeley, Pam Hamer and her colleagues spend a lot of time peering through microscopes to compare the soles of suspects' shoes with scene-of-crime shoeprints. As with the fingerprint's complex ridges, troughs and swirls, the shoeprint has a complicated pattern of wear, tear, scuffs, nicks and repair marks.

The firearms section is headed by Brian Arnold, whose statistics bear out a depressing increase in the criminal use of guns, especially in robbery; here, revolving vices and paired high-powered microscopes compare myriad rifling, breach and firing-pin marks.

But there is one department of forensic science where the finger-printing analogy is so marked that it has created a widespread misconception, one so strong as to complicate the already complex debate over the profession's most controversial development since the advert of finger-printing techniques.

"The popular term 'genetic finger-printing,' which unfortunately is even used by some experts, is misleading," says Cecelia Buffery, a specialist in the laboratory's DNA section. "*The main trouble seems to* be that the early practitioners, especially in the US, made claims that couldn't be substantiated.

"Genetic *profiling* is still not uniquely identifying, though it may become so as the technology grows." Until then, it will continue to reflect probabilities, not certainties, though very high probabilities. "However," says Buffery, "this is not to say that DNA profiling is anything less than a very powerful technique."

But controversy remains. It centres on the strength of the probabilities, but includes serious civil liberties questions. For example, should the police have the right to take DNA samples from suspects or those convicted? Should DNA results obtained from innocent people be kept in databases? Some of these questions were addressed in the royal commission's report this week. Among 352 recommendations was a call for an independent forensic science advisory council to oversee standards.

While it is hyperbole to say that forensic science is on trial, it is true to say it is under the microscope – and that Watson, though possibly not Holmes, would still be amazed.

Cross-Channel wine buying – is it worth it?

There may be more bargains in Tesco than in Calais, says ***Jancis Robinson***

THE government does have other things on its mind, but when will someone draw its attention to the absurdities entailed by the relaxation of duty free personal allowances?

There is something absurd about the current mass deployment of Customs and Excise officers in undercover operations and dawn swoops, all to track down lorry loads of French beer imported by duty evaders selling on what was supposedly for their personal use. As each petty villain is expensively brought to trial, another is surely risking *his* axle in some Calais car park under the weight of booze, supposedly but, preposterously, for personal use.

Another absurdity is the current cross-Channel traffic in bottles and people. British wine merchants who have had the enterprise and energy to establish outposts in northern France (see below) have been despatching wines back across the Channel so that they can be packed into a British boot and trundled back across the waves for the third time as part of a duty free personal wine allowance.

British wine (and beer) drinkers meanwhile are deliberately crossing the water on booze-buying day trips. With Dover a new Malmo, isn't it time to lower our duties to more European levels?

Almost certainly, but for the moment there are (a few) circumstances in which it makes sense to import your own wine. Technically, the recommended guideline for wine enthusiasts is a duty free allowance of 90 litres (or 10 cases of a dozen bottles) of still wine or 60 litres of sparkling wine – although the controls on this at Channel ports are increasingly minimal.

A special provisioning trip across the Channel could be financially justified only if there is a particularly large celebration in view. As it happens, cheap champagne is one of the very few bargains to be had in French supermarkets which have been retailing this serious rival to our own elderflower cordial for under FFr50 (£5.82) a bottle this year. But it is worth bearing in mind that cheap champagne is just that – a thoroughly reliable detonater of any ill feeling.

The other (drinkable) wines which represent good value if bought in the better (i.e. larger) French supermarkets are basic red bordeaux – which, like champagne, has loss leader status in France – and southern French reds. Those carrying the name of a property usually, although not invariably, taste less industrial than generic examples. It is generally possible to find a serviceable petit château claret or a decent Corbières for about FFr12 (£1.39) a bottle.

The conventional British line on French supermarkets is that their wines are unthinkably inferior to those on sale in Britain. It is perhaps unpatriotic of me to suggest otherwise but this is an outdated view. They have improved enormously over the last three years or so and many could offer British wine enthusiasts some reasonably good buys in classed growth claret – until sterling's fall from grace.

Today it makes sense to buy only the very cheapest wines in French supermarkets, at a price level at which the nearly £1 a bottle UK excise duty makes a real difference. But I have yet to find any cheap white or pink wine in a French supermarket that seemed a good buy. The standard price for very dull Muscadet, for example, is FFr19.95 or about £2.30, which is no saving in terms of flavour per penny in comparison with, for example, wines such as Tesco's zesty Australian White or the sumptuously packaged Languedocien Domaine du Bois Chardonnay 1992 at £2.99 until July 17.

There are many other ways of buying wine in France, however. You could buy your own vines, through Wineshare on 0306-742164. The Côtes de Duras red, white and rosé which is made on your behalf works out at £2.50 per bottle if collected in Boulogne.

Probably best value is to buy direct from a really fine producer if you happen to be on holiday in the region anyway. The annual *Guide Hachette des Vins*, FFr159 (£18.53) available in most French bookshops, is the direct line to ratings of individual wines and telephone numbers. It also includes a directory of *cavistes*, or specialist wine merchants, which are so much rarer across the Channel.

Those travelling through St Malo should visit Le Tastevin in a backstreet near the port for Christian Papin's quite sumptuous red Anjou-Villages 1990, FFr35 (£4.07) and Graillot's Crozes-Hermitage 1990, FFr53 (£6.17).

But the British wine buyer will probably feel most at home at the trans-Channel branches of British merchants. The Wine Society's near Le Touquet is merely a members' collection point for cases of a restricted but good quality range. The Grape Shop of Clapham's shop in Boulogne carries several hundred different wines, more than 30 per cent of them from the New World and other sources outside France. Although they are buying most French wine direct, they find stocking difficult enough since the average customer is British and buys six cases of wine at a time.

Richard Harvey, on the other hand, has been trying to rescue a high proportion of his stock, imported from England, from the douaniers of Cherbourg since his Maison du Vin opened on June 1.

This week The Grape Shop recommended as its best buy a Chablis 1991 at FFr39 (£4.54) – a minuscule saving indeed on Majestic's current parcel of creditable Chablis 1991 at £4.99, and Tesco's slightly leaner example reduced to £4.99.

The last time I scoured French wine shops, in May, I noted a Cahors that looked promising at FFr49. A much better buy is Majestic's Cahors, Ch de Quattre 1987 and, even better value, 1988 which they are selling for a laughable £2.99, without even a suggestion of sea sickness.

■ **Le Tastevin, 9 rue du Val, St Servan, 35400 St Malo. Tel 99 82 46 56. The Wine Society, Ryssen, rue Fressin, 62140 Hesdin 33 21 81 61 70. (UK tel: 0438-740222) The Grape Shop, 85-87 rue Victor Hugo, 62200 Boulogne 21 33 92 30 (UK 071-924-3638) La Maison du Vin, 71 ave Carnot, 50100 Cherbourg 33 43 39 79 (UK 0929-480352).**

Bring your own drink

Nicholas Lander finds some inspiration from Australia

FASHION has always played a part in the restaurant business – *who after all wants to* be seen in the wrong restaurant? – but its role today seems disproportionately large.

In recent years we have experimented with small bistros, Italian trattorias, and haute cuisine. We have seen attempts to import the French brasserie and enjoyed the vogue for British food cooked by British chefs. Today, we *favour big, noisy restaurants* – which, acoustically, may have reached their nadir at Quaglino's in London – serving gutsy Mediterranean food.

So where to next? This is a question being asked by many restaurateurs and chefs, displaying that mixture of characteristics – part businessman, part gambler – which they need to survive.

There is a shift towards Far Eastern cuisines and food which incorporates Thai and Indian spices and techniques from Japan and China. The hotter, more aggressive style of cooking that originates in South America, but is heavily influenced by the Caribbean, is also in vogue and is the rage in the US where the restaurants of Miami, close to Caribbean influences, are capturing the culinary headlines.

But it is possible that the single most dramatic change to British restaurants in the late 1990s may not come from any of these exotic places but rather from an EC directive which came into force on January 1.

This had, for once, nothing to do with food preparation or hygiene but a great deal to do with the way we buy one of a restaurant's staple commodities – wine. The increase in personal allowances for British shoppers travelling across the Channel has already seen several British wine merchants set up shop along the northern French coast (see the article above by Jancis Robinson).

Merchants are supplying not only those who want to stock up with a few cases of house wine to store in the garage, but also those who are taking advantage of potential savings to reduce the cost of holding a dinner or party in their local UK restaurant. These customers are making their bookings on the condition that they can bring their own wine: many restaurants, unwilling to lose business in what are still difficult trading conditions, are saying yes.

This phenomenon was explained to me by Ros Turner, managing director of David Burns Fine Wines, near Southampton, in Hampshire. She has already lost a number of private clients and is now seeing some of her restaurant trade eroded. Those in the south of England may be the first to be affected because of geography but this new shift in wine purchasing habits could produce a wonderful opportunity for restaurants to reduce the cost of eating out and win new customers if they are brave enough to embrace it.

For inspiration, British restaurateurs will have to look to Australia where the concept of the BYO – bring your own – restaurant has flourished for years. It exists because of ludicrous licensing laws but has resulted in that happy combination of a restaurant being situated close to a "bottle shop". You take your wine or buy it on the way, hand it over to a waiter to open it, pay the corkage and concentrate on the menu. Everyone has profited. The restaurants are busy, the domestic wine market has flourished and the cost of eating out has remained relatively low. The system even produced this bizarre statistic – at one stage 90 per cent of wine in Australia was consumed within 30 minutes of purchase.

Restaurateurs would obviously be the first to complain at the disappearance of a potential source of profit but the savings they would make – no stock, no wine lists to be printed, no sommeliers to be trained and no bottles sent back as "corked" – could be substantial.

If they were to embrace this concept wholeheartedly and explain to the public the reasons behind it, their net profits may not be seriously impaired. Nothing in the restaurant business produces as large a profit as a corkage charge. All the necessary equipment – glasses, corkscrews, decanters – has to be provided anyway and the costs involved, cleaning and polishing glasses, are minimal.

Restaurateurs will complain that withdrawing their right to choose the wines that they serve with their food may destroy a part of their *raison d'etre*. But there would be no stopping any restaurateur offering his wine list alongside the BYO facility or liaising with the nearest off-licence.

Consumers would appreciate the reasons behind the move and understand why restaurateurs must charge sensible but fair corkage. I would suggest a maximum of £5 per bottle of wine (£10 for champagne) while the restaurant continues its normal policy on spirits and after-dinner drinks.

Fashion and the law may persuade restaurateurs that operating a BYO policy is a new way of attracting extra customers and making eating out less expensive.

■ **Restaurants which already offer a BYO service in London are: Adams Café, W12, (081-743-0572), Bedlington Café, W4, (081-994-1965), Diwana Bhel-Poori, N1, (071-387-5556), Le Petit Max, Hampton Wick, (081-977-0236), Phillies, W4, (081-995-5104).**

Melbournes in Bristol* (0272-226996), Pophams in Winkleigh, Devon, (0837-83767) and Chinese Home Cooking in Edinburgh *(031-2294404) are also BYO.

Cookery/**Philippa Davenport**

A source of good sauce

WHERE there is pasta, there is sauce – and the high street multiples are enjoying booming own-label sales on both counts.

Last week, I reported on a blind tasting of supermarket pastas. This week, the spotlight is on pasta sauces. Each company was invited to submit two – whatever they considered to be their own-label best. My tasting panel was the same as before: Anna Del Conte, Josceline Dimbleby, Simon Parkes, Oliver Waley and Henry Dimbleby.

We started in a dubious mood as we all believe in the superiority of home-made sauces. After all, making a pasta sauce takes only minutes and calls for no special culinary skills. Indeed, many of the best can be conjured up in the time it takes to boil the pasta.

The general quality of the sauces submitted for tasting was unappetising, to say the least. A lot of unpleasant things were said. A sea of tomato and other vegetable-based sauces elicited such comments as: "This has the reconstituted quality of packet soup", "surely this is off?", "disagreeably thick and mushy; it smells of chlorine", "a disaster", "I cannot recall tasting anything nastier".

The so-called carbonaras provoked outrage because they were total misnomers – variations on a white sauce instead of eggy with snippets of fried bacon and an optional splash of cream. "Looks like bechamel and tastes like cardboard boxes", "where is the bacon? where is the egg?"

Only two sauces passed the test: "Would you eat this again?". The first was a tomato and mascarpone sauce from Marks & Spencer which just scraped by as acceptable to some of the panel – sample comment "there is something quite nice about this" – although I recoiled from its chicken tikka-ish brown colouring and frothy texture.

The other, also from Marks & Spencer as it turned out, won rave notices all round. We were amazed by it, a fresh tomato sauce that lived up to its name. Pure and simple, it looked as good as it tasted. The tomatoes were of the plum variety, top quality, full of flavour, very juicy, firm but not hard, simply chopped, barely cooked in a little extra virgin olive oil, nicely seasoned and scattered with basil. Josceline summed up our reactions neatly when she exclaimed: "I have never come across any sauce from any shop that *tasted as home-made as this*."

We thought it was a sauce with many potential applications. In fact, arguably, as Anna commented, drained of some of its juice, it might be even better for topping bruschetta than pasta. (Any juice drained off should be saved for adding to soup or a salad dressing, or to drink with a slug of vodka – it is far too good to sluice down the sink).

One thing that puzzled us was the label instruction to heat the sauce gently and serve it hot. To do so risks robbing it of its lovely freshness. Far better, we thought, to do as we did: put the sauce into a serving bowl, add the cooked pasta and toss quickly to mix before serving. M & S has since amended the wording. The reasoning behind the original instructions undoubtedly harks back to the British penchant for serving a little pasta with our sauce, and the fear that the pasta would, thus overwhelmed, become cold long before it hit the plate, let alone the palate.

It would be easy enough to make a sauce like this at home so far as culinary skill is concerned and no-one could call it time consuming. But where would you find sufficiently good tomatoes – the key ingredient? M & S buy-in special fruits specifically for making this sauce, variously from France, Italy and Spain, wherever the best vine-ripened plum tomatoes are to be found at any given time. If none are deemed good enough, this line is suspended for the duration. Cooks wanting to make such a sauce at home would probably have to grow their own tomatoes and will the sun to flavour them.

The sauce, as tasted at our sampling, is unhesitatingly to be recommended. But a cautionary footnote must be added. I have found the product to be variable (perhaps unavoidably?). A subsequent purchase had its subtlety and tomatoeyness spoiled by the over-assertive presence of garlic and chilli.

Marks & Spencer's fresh tomato sauce costs £3 per lb. The recommended serving is 4-6 oz per person, which seems to me unnecessarily greedy. The product is made fresh daily and goes on sale for one day only. Sadly it is stocked only by branches that boast a deli counter – currently Marble Arch and Kings Road Chelsea in London and Camberley in Surrey. More are in the pipeline but not many.

Finding this sauce among so much dross made our hearts leap. Such quality deserves to be encouraged. I would change my tune about buying sauces if more were this good. How pleasing it would be if supermarkets developed all their recipe products to match the best of home-made, as has been done in this case.

■ **Next week: home-made sauces**

Gardening / **Robin Lane Fox**

Where hefty buyers lurk

THE SKY has been as blue as the best delphiniums; the cut-price pottery is out in force; and today and tomorrow, starting at 10 am, you can combine two of England's favourite weekend pastimes by trying to head for the Hampton Court flower show.

This event is in only its fourth year but already it is a popular hit and, if you can reach it, it allows you to look at flowers and shop simultaneously. But shopping and flower-gazing depend on two major hazards: the M25 and British Rail's Network South-East. On press day, I escaped both, but I must warn you that the overflow car parks were well filled all down the Twickenham road.

For the first time, the show has come under the management of the Royal Horticultural Society. So have the prices: entry costs £14 an adult and £7 a child between five and 15. An average family must allow £42 for entrance with another £6 for the car park – or at least £20 for the journey on British Rail from central London.

There is also a champagne tent to negotiate. It all made me wonder: by the time He had bought a new accessory and She had bought something in straw from the craft village, how were the vendors of good garden plants in the main marquees going to sell anything in quantity.

I soon stopped wondering. Since Wednesday, active planters have been scrambling to hand over fivers for clematis from such exhibitors as the Valley Nurseries, Lincoln, or perennials from Hardy's Cottage Plants, Hampshire.

Like the show itself, Hardy's is a recent arrival which I noted at Chelsea. Its space there was limited by the RHS committee, but Hampton Court has given it room to spread. It is showing anything from white verbascums to the best white-and-red spotted phlox called Omega and a catmint (its idea but not quite mine) of Nepeta Six Hills Giant. The planty people are loving it – after all, there are not so many exhibits based on gardening rather than floristry.

Hampton Court is certainly no Chelsea; nor should it ever become one. Where plants are shown, there are fewer, and the staging has none of Chelsea's scale or massive impression. The atmosphere is more like a county show with country extras. The supreme difference is that almost anything is for sale at Hampton Court.

As I look round my garden this weekend, I realise what good things have come back to it from the past two Hampton Courts. Everything is pot-grown and will transplant easily as soon as it rains: the great advantage is that you can see it and buy it on the spot.

Nonetheless, this is England and gardening is part of the countryside. At a summer show, the countryside means heritage and, in this, the English have no rivals at enlarging the definition. At an English summer horse show, you can buy sheepskin coats, fudge, Range Rovers, barbecues and almost anything except a horse. A few people watch the dressage but many more want the right sort of quilted under-garments.

At Hampton Court, a few people may share my interest in the fine erodiums from the NCCPG collection – but many more want pots from Spain, mohair fashion knitware, and the right sort of hat from Tony Conner, of Eton. He sells "Hats for the Gentry"; his "Old Etonian" is a straw number from Ecuador.

Without the shopping, I am not sure I would enjoy it enough to spend a day with the crowds. The best value among the cheap pottery seemed to me to be Earlfarm in section C17: you can almost recoup the cost of the entry ticket on the difference between its oriental pots and those in retail shops.

If price is no object, head for the conservatories where there is something to suit almost nobody's pocket. One corner of the showground is dominated by a huge, Gothic conservatory, custom-made by the staff at Oak Leaf, of York (tel. 0904-690 401).

The kind young man with the press kit explained that the cost price – not the retail – was £100,000 complete with blinds, tiled flooring from Paris, ceramics at £60 a metre and curved glass. The price, however, was merely for the record as the entire thing had been pre-sold.

Next door, Amdega of Darlington (0325-468 522) can do you a simpler model for £30,000 – excluding blinds, flooring and installation. I think I prefer it to the Gothic – but did not the two exhibits look familiar? Their exhibitors confessed that both had been given a pre-run at Chelsea, where Oak Leaf had found its buyer.

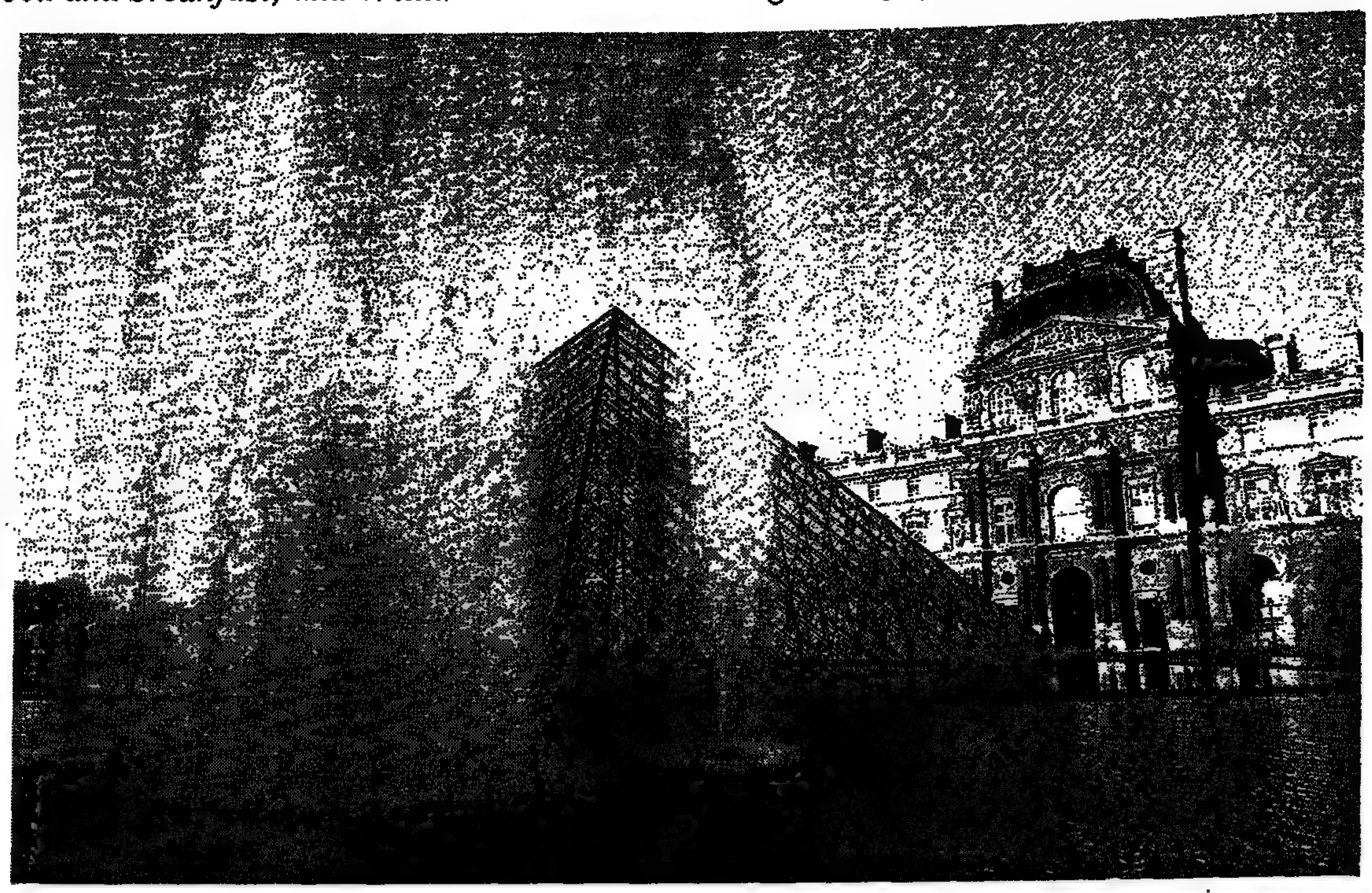
Gardeners who look at glass-houses should not be the people to throw stones; but while you cope with the success of Hampton Court, and negotiate stalls with names like Doughcraft, remember that among the knitwear with floral influence and the hand-painted buttons, there will be at least one hefty buyer at work.

The lure of Hampton Court: one difference from Chelsea is that almost anything is for sale

TRAVEL

Practical Traveller in Paris:* Patricia Roberts *on bed and breakfast, and* William Vidal *on chartering aircraft for a cross-Channel jaunt

Capital rooms that are cosy but not costly



IMAGINE THIS: after a morning stroll through the streets of the Left Bank, you turn down Rue de la Chaise and, pushing open a door set in a high wall, step into the cobbled courtyard of a 17th-century *hôtel particulier*, writes Patricia Roberts. Birds chatter in the courtyard trees and sunlight hits a tall window, illuminating a cozy room – your bedroom, with your own marble bath.

Downstairs, breakfast is set on a Russian antique table and beckons with steaming *café crème* and fresh croissants from the neighbourhood *pâtisserie*. Your indulgence in butter and jam is carefree; after all, a swimming pool awaits your penitent laps should the guilt prove too heavy.

Sounds like a five-star hotel? A private château? *Mais non*, this is bed and breakfast Parisian-style. And for FFr354 (£44.25) a night for two, it is what the French call *rapport prix qualité* – good value for money. However, the real value of a B&B (*chez l'habitent* in French) is the rare glimpse it offers of *la vie parisienne*.

The moment you shake hands with your welcoming hosts, you go beyond being a mere tourist. They not only share their homes with you, but will usually part with wise advice worth its weight in gold: where to find the creamiest *chèvre*, most impressive St Emilion or flakiest *pain au chocolat*.

And with that first handshake passes an unspoken rule of respect for privacy and property, on both sides. In all, the B&B experience adds character to a Paris visit that might otherwise be marked by an expensive hotel bill or the number of monuments duly photographed.

"Napoleon's brother lived in this very house," says Monsieur Wolfe, master of the B&B on Rue de la Chaise, as he gives me an armchair tour of the neighbourhood "Next door is the abbey and, further down, the former home of Chateaubriand." I dare not tell him how dangerous I think the neighbourhood is now, with Yves St Laurent, Montana and Robert Merloz boutiques within easy spending distance.

Like most French hosts, the Wolfes are gracious and warm, and no doubt appreciate the extra income which helps towards maintaining their splendid residence. Extra income, and perhaps the comfort of company, is what prompted Madame Henri in the *17th arrondissement* to turn part of her exquisite top-floor apartment into a B&B.

'The moment you shake hands with your welcoming hosts, you go beyond being a mere tourist'

A striking woman celebrating her 81st birthday, Madame Henri guides me through her home, pointing out photographs of faraway children and grandchildren. She lectures on the high cost of living in Paris before revealing three lovely guest rooms (one with a mini-bar), perfect for a group of five. From the window I see the rotunda at Parc Monceau, and across the street I spot Le Bistro du XVII where Parisians pack the tables for the the low-priced, excellent four-course menu.

Not all guest rooms are as special as the one on Rue de la Chaise, or even Madame Henri's, yet no matter how simply furnished, B&Bs allow a unique perspective on life in the very different corners of the city.

The best way to make reservations is to contact the France-based B&B agents directly. Rates are less expensive than if booking through international travel companies and in most cases the local agencies have personally inspected the properties and met host families. If you require hosts to speak English, make this clear when booking.

Rooms are generally ranked in three categories: Category 1 is the lowest priced, as residences are located out of the city centre and bath facilities shared. Category 2 includes guestrooms in the most sought-after *arrondissements (4th, 5th, 6th, 7th, 8th and 15th)*, and have private baths. Category 3 is reserved for addresses with extra charm or amenities: view, exceptional interiors, superb locations.

The majority of rooms are furnished with two twin beds. For double beds, request a *grand lit*. Ask if bathroom facilities are shared or private. Breakfast usually means coffee or tea, *tartine* (fresh baguette spread with butter or jam) or croissants. Juice sometimes. Meals may be provided in some instances for a modest cost: ask when booking. Mini-bars are rare so ask if water and snacks can be kept in the room or kitchen, or purchased from your host.

With its signature coffee-pot spouting a heart, Café-Couette has been welcoming travellers to its *chambres d'amis* lodgings for 10 years. The organisation is well-equipped to handle reservations worldwide and represents 70 residences in Paris, including the Wolfe residence. Rooms cost from FFr267 to FFr481 for two. Café-Couette publishes a directory of addresses (FFr69 at French bookstores, or from the agency) which, when purchased, makes you a member of Club Café-Couette, entitling you to 20 per cent off room rates. Two-day minimum stay. Credit cards accepted. Café-Couette: 8, rue de l'Isly, 75008 Paris, tel: 42 94 92 00; fax: 42 94 93 12.

Bed and Breakfast 1 Connexion offers rooms ranging from *FFr260 to FFr550 for doubles*. Lowest priced rooms are located in the Paris suburbs, not more than 30 minutes away. FFr50 additional fee for private baths. Discounts of 30-50 per cent for stays over one month. Credit cards, international money orders, Eurochecks. Bed and Breakfast 1 Connexion: 7 rue de Campagne Première, 75014 Paris, tel: 43 35 11 26; fax: 40 47 69 20.

France-Lodge has more than 300 B&Bs in Paris and requires no minimum stay. Double rooms in the centre of Paris cost FFr250 to FFr350. A mandatory membership fee of FFr85 entitles guests to on-site insurance. Meals available at some addresses. French francs, international money orders or bank transfers. Credit cards not accepted. France-Lodge: 5, rue du faubourg Montmartre, *75009 Paris, tel: 48 01 02 17; fax: 42 46 65 61*.

Chez Vous represents B&B's throughout France, including Madame Henri's in Paris. French francs, international money orders, no credit cards. *Chez Vous: 47150, Lacapelle* Biron, France, tel: (33) 53 40 85 54; fax: (33) 53 40 86 30).

A point worth noting: B&Bs are best suited for individuals, two friends or couples. According to Corinna Bigot, owner of France-Lodge, families and larger groups are better off renting furnished apartments. "This is the most inexpensive way for a group to stay in Paris," she says. "Besides, having a kitchen is essential when traveling with children, especially in Paris."

France-Lodge, Bed and Breakfast 1 Connexion and Chez Vous also rent furnished apartments. *Parissimo* (9, avenue de la Motte Picquet, 75007 Paris, tel: 45 51 11 11; fax: 45 55 55 81) is the place to go for apartments with an extra special something – a terrace, a Seine view or outstanding decor.

An aircraft of one's own

"LET'S GO to Paris for lunch." That is what my wife said to me at 7.30 on a sunny Sunday morning, writes William Vidal.

It sounded like a throwback to the roaring 1980s. Perhaps she thought she was cheering me up. *If so*, it worked.

h I called British Airways: £182 a head was the cheapest day return fare. Add to this £6 for 12 hours' parking at Gatwick and around £10 for petrol (we live in east Kent) and you get £380 for two, not counting the taxi from the airport to central Paris.

Then consider the time factor. Leave home by 8:30 am, arrive Gatwick 9:45, park car (short-term car park), check-in by 10 for the 10:25 flight (no luggage).

Arrive Charles de Gaulle 12:40 local time. Quick taxi to Boulevard St Germain (fairly fast on a Sunday) and, with luck, we might have napkins round our necks by 1:30 pm.

Then I had a brainstorm.

I called my local little airport and, yes, they would happily provide an aircraft and pilot for the day, a six-seater Piper Seneca (five passengers) at £759 or a 10-seater (nine passengers) Piper Chieftain *at £972 all in*.

I called some friends, just as crazy as us.

"Want to go to Paris for lunch?" "When?" "Now." "How are we getting there?" "I chartered a plane." "What?"

By 9 am the four of us were at Lydd airport, eight miles away. By 9.15 we were taking off, having left our car in the free car park and brandished our credit cards.

We climbed over the *Channel and settled at 8,000* ft, taking in the beauty of the French countryside while our charming captain, Caroline – holder of an ATPL, the highest form of pilot's licence there is – pointed out the *landmarks revealed to us with* a clarity unavailable from 30,000 ft to those travelling in airline jets.

Seventy minutes later we were on the ground at Le Bourget, the old Paris airport *(even older than Orly)* now dedicated almost entirely to private aircraft. Thirty minutes later (customs and immigration were virtually non-existent), we were sipping aperitifs, having first dropped in at Chez *Monique and* booked a table for 1 pm.

We had beaten the jets by one hour and saved £1 on the travelling cost (not counting the airport taxi, which was considerably cheaper from Le Bourget). And we had the luxury of an empty seat.

Our charter cost of £189.75 each would have been reduced *to £152 a head had we been* able to enlist a fifth luncheon partner.

Furthermore, the aircraft was ours for the day, allowing us ample time for a magnificent Sunday lunch followed by a short cab ride and an afternoon stroll in the Bois de Boulogne. Had we had nine similarly-minded people available, the outing would have been even more attractive financially. Taking the big Chieftain at £972 would have meant £108 a head, or a saving of more than 40 per cent on *BA's lowest fare*.

Before you say that we are lucky to live eight miles from an airport, let me suggest you do some local research: *the Air BP Guide* to flying clubs lists 218 organisations in the *UK, from Jersey to Inverness*, from which an aircraft might be hired.

On the figures we were quoted, the Chieftain worked out at £6 a mile for nine people (65p each) and the Seneca at *just under £5 for five* (95p each). That would take five people from Southampton to Deauville and back for £127 each, or nine people from Manchester to Dublin return for £100 each.

Moreover, all the above trips have one factor in common: they involve a flight over water, and Civil Aviation Authority (CAA) regulations require that commercial flights – those carrying fare-paying passengers – should be carried out by *multi-engined aircraft*.

If, however, you undertook a trip of the same duration but flew only over land – say, Birmingham to Brighton – a single-engined aircraft could be used and the cost per mile would be *roughly halved*. A six-seater Piper Saratoga could probably do such a return journey at a total cost of £360, or £72 for each of five passengers.

We went to Paris for fun, but there is no reason why *one* could not apply the same rationale to business trips. If you thought that chartering a private aircraft was the exclusive domain of the very rich, think again. Air charters can save money. They definitely save time; and if your ultimate destination is other than a city with an *international* airport, then the charter option wins hands down.

Since January, it has been possible to fly to EC destinations from any UK airfield – not just those with customs and immigration facilities – and return the same way, as long as you give four hours' notice. The French are *not as relaxed* yet but, almost invariably, they will arrange Customs clearance for you at most destinations.

The next time the sun is shining and you feel the need to cheer yourself up, pull out a map, pick a spot and telephone your local little airport.

SPORT / MOTORING

Cricket/Teresa McLean

Revenge of the Vitamins

IT WAS my fault. I had been to my local greengrocer's shop every day of the week before the Intellectuals' annual match. Mark, the greengrocer, was our secret weapon. Many the hour we had spent solving Gooch's problems and planning the Intellectuals' triumph, while I bought my bananas. The trouble was, I forgot to remind him that he was Intellectual batsman-and-bowler-in-chief and he forgot.

The rest of us arrived at the ground for a picnic lunch in the sunshine. Our heroic long-distance contingent did its customary drive across the country, from the Welsh border to East Anglia, driven by Charles, his car frothing with children.

Will, an umpire who passed from the playful to the judicial role when his hip joints locked up a few years ago, practised his walking by getting off the train 30 miles away and completing his journey on foot. Even so, he looked well. Both umpires looked well, Will in his shorts, with an air of amiability, Diana in her yellow trousers and pink T-shirt, with an air of majesty.

Our problem was the opposition, the Vitamins. Their air was one of determination. Sunshine and noble umpires shone in the shadow of Vitamin ambition. They had lost last year and they must win this year.

With characteristic stoicism, we watched an ample enemy batsman make an ample half-century before retiring, to our forlorn applause. Much though I dislike the ruthless professionalism of modern cricket, I felt a twinge of deeper dislike for the cavalier kindness I thought I loved. It is so humiliating. Anyone who has been the victim of an opponent's retirement will understand the misery that accompanies the relief. With the Vitamins at 116 for 0 after 16 overs, I knew that the Intellectuals played for love of the game, not victory.

Everyone in our team bowled three overs, except a lawyer, Martyn, who donned the gloves without complaint when we found we had no-one else. Only one word describes our bowling throughout this match: unpredictable.

Our young West Indian opening bowler sent down some good deliveries, including plenty that troubled the keeper, but few that troubled the batsmen. Our New Zealand new recruit from the heights of cricket literature, Graeme, assumed greengrocer Mark's position as top performer. His fast medium pace nearly, so nearly, gave us the early break-through we needed.

What Graeme gave us instead of wickets was style. He arrived in an open car with his girlfriend, who reclined gracefully while we toiled through the agreed 30 overs, limiting the opposition to 223 for 4. My off-breaks were grotesque, adorned only by their originality. My husband's leg-breaks, formal in approach, modest in pace, saved our bowling honour by hitting the stumps. But only once.

It was a dead pitch, no good for bowlers. No good for our bowlers, anyway. More disconcertingly, it appeared to be a dead captain in command of the Vitamins. He had an off-white face, presumably plastered with white grease-paint, which gazed at us from underneath an overhanging hat. His pale limbs were aired in a flapping shirt and long-legged shorts. He found running a struggle, wheezing and staggering, not sharing his team's grim preference for boundaries.

Tea is an under-rated meal. I am the first to pass it off with a quick cupful, but oppressed by our target of more than seven an over and our modest ability, I sank happily into an iced bottleful. Not, I hasten to add, that the wine was the reason I batted badly. It was because I was born a tonker.

After a deep-rooted tea, with defeat impending and grinning Vitamins clustered round the bat, I could not resist a swipe, which let the ball remove the bails. As our meteorologist opening batsmen said when his wife asked whether he had seen the ball that bowled him for a duck: "I heard it." Haunted by those woody rattles, we decided to run for everything we could while we could.

Undaunted by his efforts in the car and in the field, Charles batted powerfully. He hit the ball over the heads of fielders and ran fast. His run-out was tragic because he was hitting the ball well, even when it was delivered disdainfully slowly.

The run-out had an element of the operatic about it, involving a mid-run re-arrangement between the batsmen and conference between bowler, keeper and stray fielders. Charles expired like a doom-laden hero. My husband's run-out was more wistful, as he attempted a possible but not probable run disliked by Graeme at the other end. Graeme kept his running safe, his bat straight and his style intact. He top scored for the Intellectuals and his dismissal had an exotic, almost a continental flavour: caught and bowled De Luca 34.

A little further down the order, Godfrey left the university manuscripts and supported the intellectual life with his bat. Brave, quiet and dignified, he delighted his disheartened team, huddled on the pavilion steps, with the correctness of his shots. Between shots, he leaned lightly on his bat.

Umpire Diana stood serene and still, above daft appeals for things like obstructing the light. A regal presence. When Godfrey was finally bowled for 27, there was only the divine to talk to the regal. Our Dominican friar, David, ran out of partners. Or rather, left them behind. He preferred big hitting to running, smiting even the immense Vitamin bowler unused to punishment. With God on his side, David finished the game not out on a defeated team and joined us for dinner, to plot next year's ploys. In the dark of night we sank to the most demonic of all ploys: practice.

Golf/Jock Howard

Captains of contrast

SINCE 1983, when Europe lost the Ryder Cup to the US by a single point in Florida, there has never been more than a blade of grass between the two sides. What Europe have lacked in depth they have made up for in spirit and astute captaincy.

Tony Jacklin, who captained the side from 1983 to 1989, was responsible for much of this resurgence. He realised that if things were to change on the course, things off it had to change too.

"Before I took the job," says Jacklin, "I demanded that certain conditions were met. You wouldn't believe how far behind the Americans we were in terms of preparation. I made sure the little things were right, as only then could we hope to compete on equal terms."

'I still love beating the Americans more than anything,' says Jacklin

Jacklin's part in the European success in the 1980s, should not be underestimated. He led by reputation, and was hugely respected. He also introduced a fiery competitiveness which rubbed off on his team.

"I still love beating the Americans more than anything else in the world," he says with boyish enthusiasm. "There is something about their over-confidence which gets me going."

The man who succeeded Jacklin, Bernard Gallacher, is a different animal. They are as different as a birdie is from a bogey, one an Englishman living in Scotland; the other, a Scotsman living in England.

Gallacher never won a major championship. Jacklin won two. Gallacher has still never tasted success in the Ryder Cup. Jacklin has. Gallacher has six or seven players in his team who are better golfers than he ever was. Jacklin probably only ever had one (Seve Ballesteros).

A large part of the captain's work is dealing with the press. Gallacher admits that he does not enjoy this side of his job, and is deeply suspicious of the media. Jacklin loves dealing with journalists, and they love him, because he says what he thinks, and what he thinks is usually quotable.

"I think there is a case for not having a captain as we have one today," says Jacklin. "It might be more appropriate to have a manager, much as they do in cricket, who would be entirely press-related. The captain would play, and deal with what happens on the course."

The job of captain is certainly less important now that Gallacher is the incumbent. He is shy and introverted, a private, family man. He does not seem, on the outside anyway, to be a great motivator. By his own admission, he took a considerable time before deciding that he wanted to take the job.

Gallacher said in February that he would be happy to have a rule which made him pick the top 12 on the money list, as he found selecting three wild card players an awkward task. Jacklin says he would have liked, when captain, to have had all 12 picks himself, so confident was he of picking the right players.

Gallacher was not to blame for events at Kiawah Island two years ago. He was not to know that Nick Faldo and Ian Woosnam would play well below – rather than under – par.

Gallacher must assert himself more than he did two years ago. Then, controversy seemed to follow him at every turn. His defence was to run from the spotlight. He became moody and monosyllabic, in contrast to the ever-approachable Dave Stockton. As a result, people suggested that Seve was more in charge of the European team than Gallacher was.

Seve may not even make the team this time, but whether he does or not, Gallacher must be more convincing if Europe are to recapture the Cup at the Belfry in September.

Motor Racing/Martin Jacques

Why Formula One is running on empty

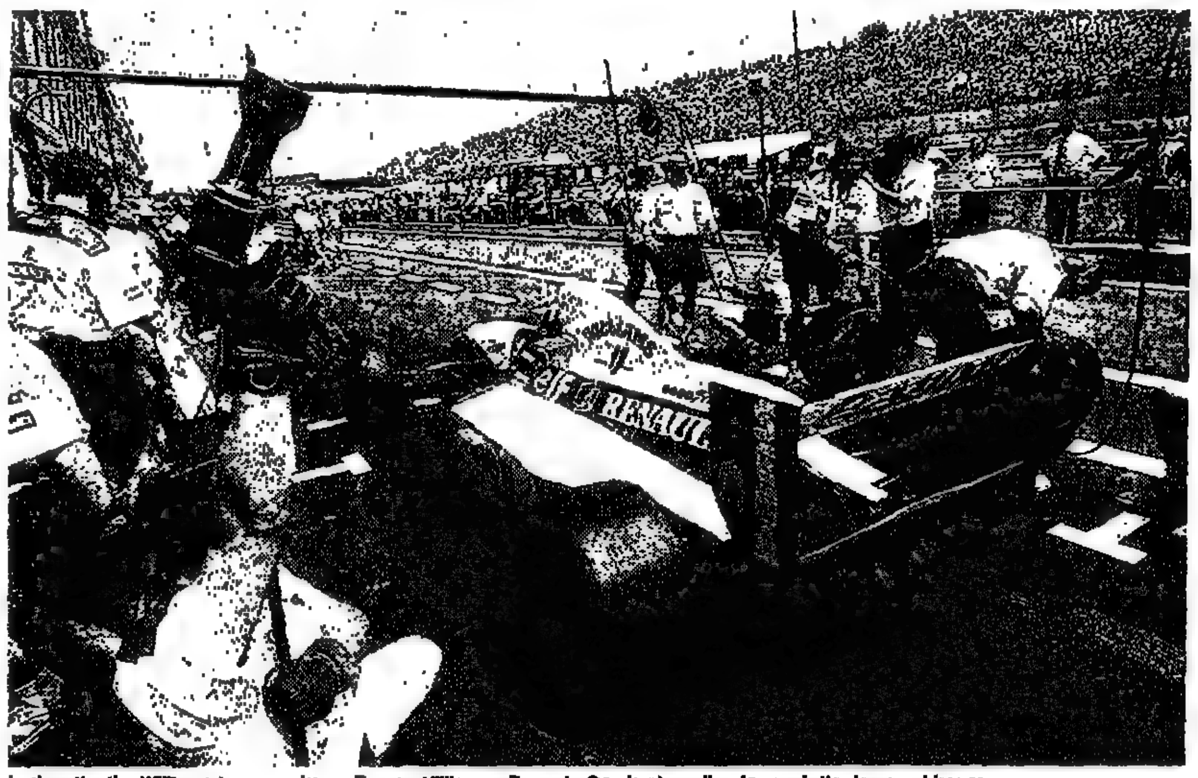
EVERY big sporting event needs a little hype, preferably with a domestic angle. For tomorrow's British Grand Prix at Silverstone the angle is: can Damon Hill edge out his team-mate Alain Prost and win. But I fear it is all a sham. Hill may win, but his victory will have more in common with professional wrestling, or an arranged marriage, than high noon on the race track. If he wins, it will be because Prost lets him and the Williams team deem it good public relations at their home grand prix.

Hill has done well. With almost no grand prix experience, and little evidence in his career to suggest that he was a high-flier, he has performed as a competent number two driver should. But no-one should be deceived by the hype into thinking Hill is Nigel Mansell. In anything other than the Williams, a car without peers in Formula One, Hill would look like what he is, a competent midfield runner. But for the F1 authorities, the hype is important. Something is needed to inject life into a tedious season.

One-team domination is by no means unusual in F1. If anything, it tends to be the rule. In 1986 and 1987 it was Williams-Honda. In 1988 and 1989, it was McLaren-Honda. In 1992 and 1993 it has been Williams-Renault. But for the most part the dominant team has fielded two topline drivers who have slugged it out on the race tracks: first Mansell and Nelson Piquet, then Ayrton Senna and Prost. Riccardo Patrese, Mansell's team-mate in 1991 and 1992, was not in the same league as the Englishman, but he was a serious competitor, at least in 1991. Hill is not. The result has been boredom.

The decision of Mansell, the most popular driver in F1 and one of its two most charismatic performers, to join the Indycar series has left a hole. Only three virtuoso races by Senna, the other charismatic driver, has kept the season and the formula alive.

The most dramatic feature of tomorrow's race could be the size of the crowd. Ever since Mansell won his first grand prix on British soil at Brands Hatch in 1985, there has been a love affair between the crowd and the driver. They came in their tens of thousands and Mansell rewarded them with some great drives. But Mansell has gone and the race is bound to prove an emotional anti-climax. The organisers expect the attendance to be down by 20 per cent.



In the pits: the Williams team works on Damon Hill's car. Formula One is struggling to repair its damaged image

That, I suspect, is a serious underestimate. There is no Mansell. We are halfway through a numbingly boring season. And the crowds have been well down at the previous European rounds, in at least three cases by as much as half. F1 is in crisis. This was already evident last season. There were rumours that television, the key to the success of F1, was unhappy with the spectacle. Viewing figures were falling. Mansell's flight has brought the matter to a head.

The rumblings of discontent have found a focus, there is an alternative by which F1 can be measured. It has been found wanting. In Indycar, the key is entertainment The technical regulations are designed to equalise the performance of the cars and place the emphasis on driver ability. If racing gets a bit processional, then the pace car can always balance things.

The highlight of the motor racing season has been this year's Indianapolis 500: no grand prix could compare with the excitement and openness of the occasion. But that is not all. In Indycar there are parade laps before the race when the drivers are introduced to the spectators. The public is free to mingle with the drivers in the paddock. Admission prices are reasonable: a full-day's entertainment at Indianapolis costs a mere $20 (£13).

The centre of interest has begun to shift. Every Indycar race is receiving serious coverage in the UK. When the Canadian Grand Prix was held within a few hours of the Milwaukee Indy race last month, the two received almost equal treatment. The viewing figures for Independent Television's Indycar coverage are not far behind those for the BBC's grand prix programmes. Brands Hatch is negotiating to bring Indycar to Europe for the first time in September 1994. If it is successful, and Mansell is still in Indycar, the crowd will dwarf that at the British Grand Prix next July.

Fisa, motor racing's governing body, is fighting back. It knows F1 is in crisis and that something must be done. It wants to ban the latest gizmos, such as active suspension, semi-automatic transmission and traction control, which have been the main source of Williams' domination and which it sees as limiting the role of the driver. This is a volte face in the philosophy of F1. Hitherto it has prided itself on being technologically-driven. Those days are over. The emphasis in future will be on entertainment. The leading teams, Williams and McLaren, are resisting, but they will lose. Too much is at stake.

But if F1 is to prosper, these changes can only be a beginning. The motor racing authorities, in which Bernie Ecclestone, now vice-president of Fisa, is the key figure, presided over enormous growth in the popularity of grand prix racing in the 1970s and 1980s. But it was a sport packaged for television. The spectator was largely ignored. Now television companies are having second thoughts and the spectators are staying away.

Grand prix racing is paying the price for ignoring the public. Silverstone this weekend will say it all. The racing will, in all probability, be tedious and boring. The general admission price, at £57, is ridiculous. And the paddock will resemble Fort Knox: the F1 elite and the public are never destined to mix. There has been a welcome decision to hold a parade lap. Indycar is exerting an influence.

F1 has been slow to recognise the warning signs. Like many sports it remains desperately introverted. Conflicting interests divide it. The top teams cannot see beyond their own advantage. The sport is ill-served by most journalists who lack a wider sense of motor racing's place in the world. At last, however, Fisa seems to have woken to the dangers. Banning gizmos is the first step. The interests of spectator and viewer must become paramount. In the meantime, the return of Mansell in 1994 would help.

Motoring/Stuart Marshall

A coupé in disguise

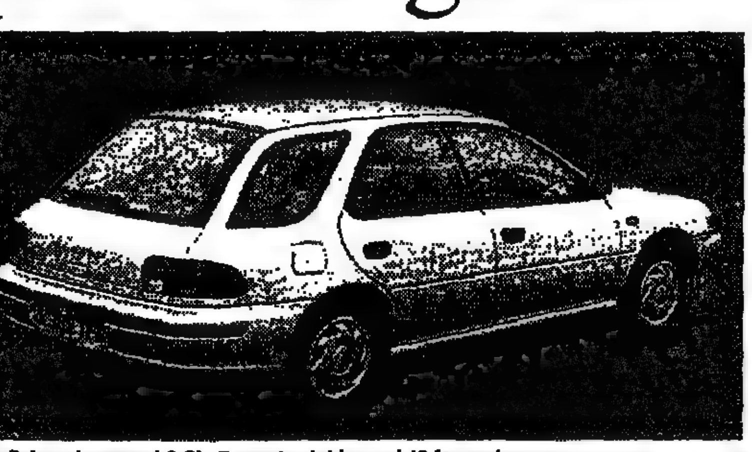
HOW DOES one describe the five-door Subaru Impreza? It is about the size of a Ford Escort and looks like a cross between a saloon and an estate. But it is really a hardtop coupé with no centre pillar (B-post, in motor industry-speak) and a load-carrying bustle behind.

Press the power window switches and the glass disappears into the frameless doors. At least, it does into the front ones, but the hardtop coupé effect is spoiled by rear side windows that retract only partly because the wheel arch gets in the way.

Go round to the back and lift the curvy tailgate. The fair-sized boot turns into an estate's load space when the rear seat backrests fold forward. As the cushion does not swing up, the floor is not flat. Uniquely for road-going 4x4s, Subarus come with either five-speed manual or four-speed automatic transmission. Those with manual gears have a two-range box giving 10 speeds forward and two in reverse.

Who needs twin-range, four-wheel drive in a road car? If you have tried re-starting on a steep, wet hill when towing a horse trailer, you will not need to ask. The same goes if you live off the beaten track in an area where snow falls most winters. You will know the safest way to drive down a really slippery slope is to put a 4x4 vehicle in low-range first gear and forget about the brakes.

In normal motoring, my test 1.8-litre manual Impreza went well. It hummed quietly along motorways at a business driver's speeds, rode firmly and flat on country lanes, and parked easily – power steering is standard. So, too, are electric windows and mirrors and other useful things like head-lamps with washers and a power-operated levelling system, a tilt steering wheel, and adjustable driver's seat.



The Subaru Impreza 1.8 GL. Four-wheel drive and 10 forward gears

Now that the cheapest Audi quattro – admittedly, a 2.8-litre V6 – is listed at £22,560, the Impreza looks remarkably affordable. An entry model, 1.6-litre, dual-range, manual five-door is £12,499, a 1.8-litre £12,999, and a 1.8-litre automatic (which does not have dual-range transmission) £13,999.

If you want the flat-four engines and all-wheel drive, but not the odd estate-cum-hardtop styling, there are 1.8-litre Impreza four-door saloons at £12,499 (manual) and £13,499 (automatic).

Average fuel consumption of the Imprezas should be around 31-33 mpg (9.1-8.5 l/100km) for the 1.6-litre and 1.8-litre manuals, 30 mpg (9.4 l/100km) for the automatics. I have promised myself another go at one in conditions when having all-wheel drive could make all the difference between completing a journey and getting stuck.

Be a VIP for just £15

NEXT YEAR'S British international motor show will be held once again at the National Exhibition Centre near Birmingham. Public days will be October 22-30, which will catch the half-term school holidays. This is crucial if there is to be a good attendance at what is being promoted as a family occasion. If you are prepared to pay £15 to enter instead of the normal £8, you will be able to call yourself a VIP and go to the preview day on October 21.

The last show, in October 1992, broke a tradition of nearly 80 years by linking itself with the Daily Mail Midlands autumn ideal home exhibition: one ticket bought admission to both events. While the combination was not entirely popular, it will be tried again in 1994; the Mail's £2.5m contribution must be a powerful argument.

Despite its imposing title and great size, the show is really a regional event; most of the public attendance comes from the Midlands. But London – which is where many, if not most, of the car-makers and importers would like the international exhibition to be held – will have its own motor show from October 21-31 this year at Earl's Court. It will not be run in tandem with any other event but, even more than Birmingham, is pitched at the whole motoring family.

The London motor show, held in the years when there is no international exhibition at Birmingham, started life in the 1980s as Motorfair. At first, there was opposition from the Society of Motor Manufacturers and Traders, which has always operated the "official" show. But it refused to be killed off and, in recent years, has been run jointly by the SMMT and Earl's Court.

Next year, the international show will pay the former Motorfair – which has always encouraged retail sales – a compliment. For the first time, the SMMT will use the National Exhibition Centre Pavilion to stage what is being billed as "the largest motoring retail shop in the world." New or used cars will not be on sale – but just about everything else concerned with motoring will.

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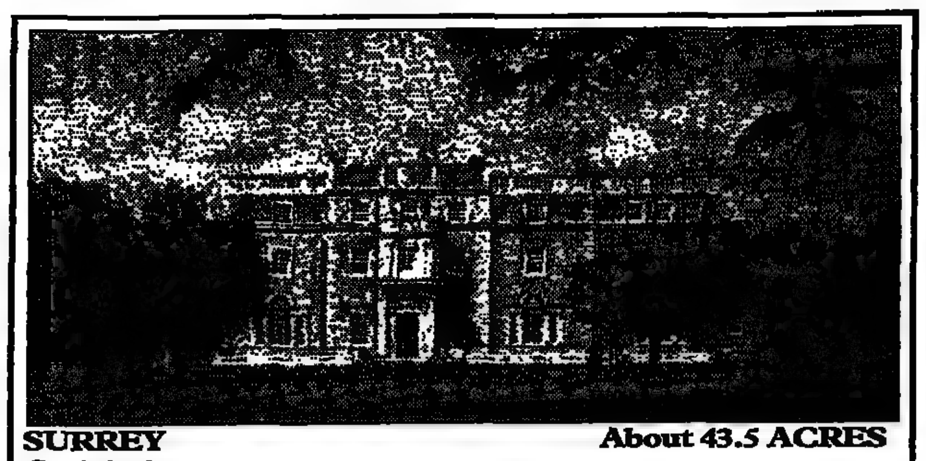

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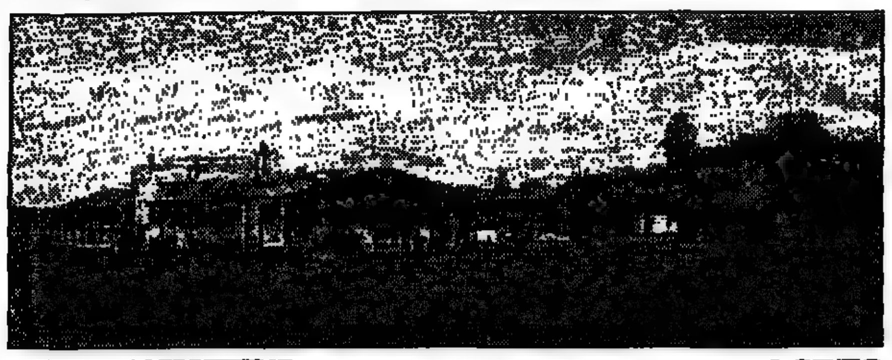

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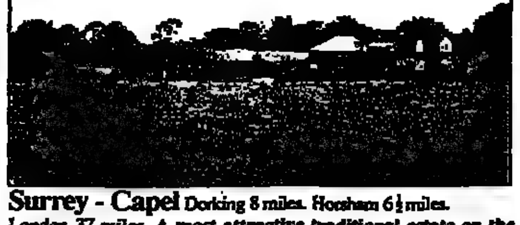

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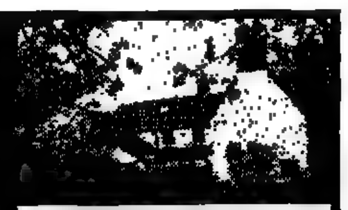

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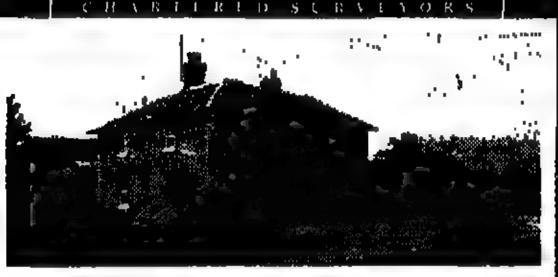

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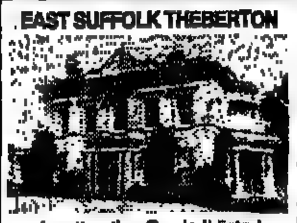

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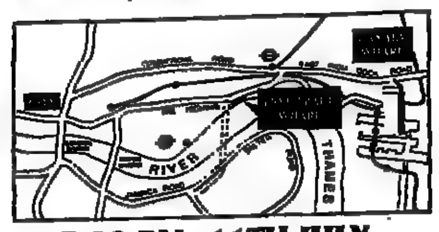

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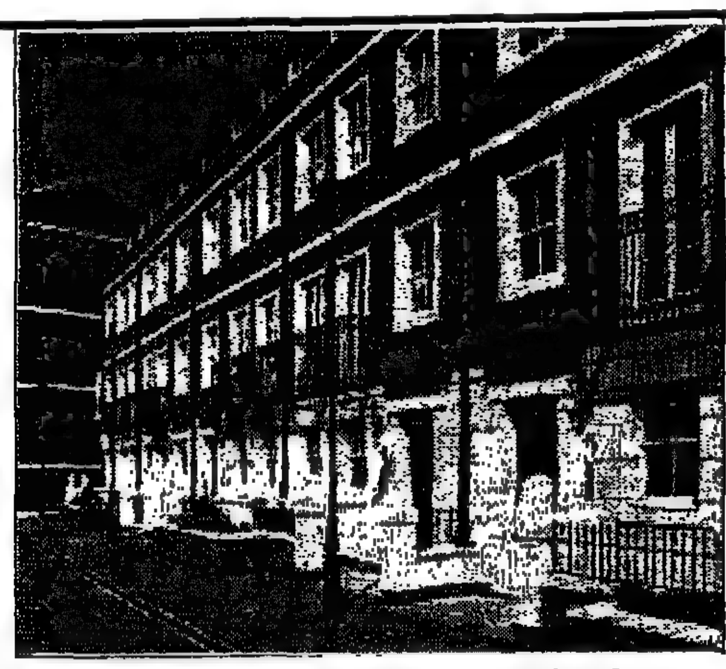

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PROPERTY

Self-build: the way to save money

***David Hoppitt** looks at the sector that has become the biggest player of all*

AFTER many false dawns, the green shoots of real recovery are at last sprouting from the compost heap of Britain's house-building industry.

Fairbriar Homes has shown the door to the administrators, proving there is life after near-death, while David Goldstone has seen off the vultures that were hovering above struggling Regalian. And a development of 38 detached houses called Windmills around the tower mill at Shirley, Surrey, has proved so popular that Cala Homes (South) has had to advance its building programme from two years to one.

Throughout the seemingly endless recession in the building industry, though, one sector has emerged as the biggest player. Self-builders now account for at least 15,000 new homes each year, and the number is growing all the time.

Most self-builders do not mix the mortar and lay the bricks themselves. Christopher Heath, of Redhill-based Custom Homes, says: "Some of our customers hand over to a site agent who organises sub-contractors; a contractor of this kind is responsible for the inter-mixing of the various trades. Even greater savings can be made if they organise the sub-contractors themselves.

"We recommend timber frame construction, not only because of its high energy efficiency but because most companies will quote for supply and erection to a stage that is ready for roof tiling, so tradesmen can very quickly move in to get on with their work."

There is a growing awareness of the advantages of self-building. The savings can be huge: 40 per cent or even more for those who roll up their sleeves and help with the actual building. And they get the house that they want, where they want it, rather than the one the builder thinks they ought to have.

The curious thing is the time self-build has taken to catch on. In most countries, a high proportion of home-owners choose both the location and the design of their home; only in Japan are people less inclined than the British to take a major part in building the family home.

Jeremy Fermo and his wife, Shirley, who retired to Sydney, Australia, a few years ago, yearned for "something beamy" in Hampshire when they came back. After a long search, they bought a plot and built one of Potton's Tudor look-alikes, with plenty of beams but no head-banging – Tudor without tears. The beautiful home, with 2,500 sq ft of floor area, cost them only £44 a sq ft to build.

A Mecca for self-builders . . . one of Potton's Tudor-style show houses in Cambridgeshire

One of Custom Homes' self-build houses in Surrey. The company favours timber frames for energy efficiency and speed of construction

Katie Fontana and her friend, Tony Niblock, saved even more money by doing much of the work on their Suffolk long-house. As a result, this 2,100 sq ft home cost them only £35 a sq ft to erect. "I scoured the Suffolk countryside studying architectural features and looking for old bricks and tiles," says Fontana. "Tony did the plans and we lived in a caravan on the site while we built the house. We were a bit cold in the winter but there was only one tantrum."

Potton has now provided budding self-builders with their own Mecca – three magnificent show houses at St Neots, in Cambridgeshire, close to the A1. Two are in the well-established Potton Tudor style, with inglenooks and beams, while the third, a 3,000 sq ft Georgian-style house, is called The Milchester.

Kits for these houses cost between £25,400 and £47,600; to build, with all the fittings seen at the show houses, will set you back between £70,000-£120,000. All you need is the land on which to place them.

■ *Further information: Potton: tel. 0767-260348; Custom Homes: tel. 0737-767213*

Cadogan's Place

The Frasers move out

After 600 years, a Scottish idyll is on the market

IMAGINE a 60-acre island in the middle of a Scottish river. It is covered with mixed trees, rhododendrons and azaleas. The air is so pure that lichen abounds, even on the garden furniture.

The cliff at one end is the Point, where the trees and rocks opposite shimmer in the calm water. Three-quarters of a mile away at the other end is the Counterpoint, where water meadows make the view. Between are paths and clearings and views of the river and a gorge and otters, roe deer, pine martens, red squirrels, herons and buzzards.

A balustraded bridge over the Beauly river leads to this island fiefdom of Eilean Aigas in Inverness-shire. It is the ideal place for a holiday or honeymoon or to settle to write (as did Compton Mackenzie, Maurice Baring and Antonia Fraser) and garden in rare peace, 11 miles from Inverness and 25 from its airport.

After 600 years in the Fraser family it is now for sale, complete with the laird's house of 1838 built by the then Lord Lovat, head of the Fraser clan, for the two extraordinary brothers who called themselves Sobieski Stuart.

They claimed to be grandsons and heirs of Bonnie Prince Charlie and, remarkably, society in London and Scotland accepted them. They learnt Gaelic and chronicled the dress and customs of the Highlands in their book *The Costume of the Clans*, an invaluable work since the old tartans were being forgotten after the British government proscribed Highland dress from 1748 to 1788.

At Eilean Aigas, they made themselves a set of out-size baronial wooden chairs (still in the house) and a rich Scottish interior – antlers galore – for their "court." John, the elder brother, painted a picture of the two of them, standing in the book room in front of the fireplace where the picture hangs now. They went to church by boat, in full Highland rig with a piper playing. They are buried in Eskdale churchyard, along with various Frasers and Maurice Baring.

Benjie Fraser is selling Eilean Aigas, having inherited it from his father, Sir Hugh Fraser, the MP who died in 1984. The house is in good condition and can sleep 19. There is enough hot water for all and Sir Hugh installed a heated swimming pool, too.

The property has been available for renting by the week, for £1,975 plus VAT. That is cheaper than a hotel for a houseful and there is a choice of looking after yourself, bringing your own help, or using the existing help in the house.

Savills (031-2266961) is looking for offers over £800,000. The buyer of this island romance will want to bid also for the book, chairs and picture of the Sobieski Stuarts.

□□□

THE WINDS of change still blow in South Africa. Hamptons International (071-493-8222) teamed up recently with Seeff International Properties of South Africa, where property is remarkably good value. Now, it has announced its first South African house for sale: Withycomb, a 1909 Cape Dutch homestead in Constantia, 18 km from Cape Town, with a guest cottage and two acres. Price: R1.3m (about £265,000).

Gerald Cadogan

BOOKS

An artistic slant on urban reality

***Anthony Curtis** reviews a batch of new interpretations of famous painters and their works*

VISITORS TO the Pissarro exhibition at the Royal Academy in London until October 10 will find their interest in it strengthened by perusal of Richard R. Brettell and Joachim Pissarro's *The Impressionist and the City: Pissarro's Series Paintings*. Among other things the volume informs us which paintings were shown in Dallas (where the show opened last year) but not in London and vice versa. Since the artist died the components of each series have been dispersed over many collections.

When he painted his views of Paris, Rouen, Le Havre and Dieppe, Pissarro's intention was to show the motifs in each city under a variety of different circumstances and effects of light. Joachim Pissarro discusses how the notion of making a series of paintings of a city developed within the Impressionist movement – "the multiplication of representations of a given site as its aspects change". This was enthusiastically taken up by Pissarro, who produced these pictures in a burst of creativity in his 60s and early 70s. Before this Pissarro had been exclusively a painter of rural life.

In Pissarro's friend Monet's paintings of city life everything within the frame of the painting merges into a unified whole. In his own there is great differentiation; individual figures of horse-driven carriages and pedestrians stand out. The effect is one of crowded, vital humanity within the urban environment. In politics Pissarro was a radical. These paintings also reflect his sympathy with anarchism.

Pissarro was born in the Virgin Islands, the son of a French businessman. He angered his parents, who were orthodox Jews, by having an affair with their gentile maidservant, whom he married. She bore him six children.

THE IMPRESSIONIST AND THE CITY: PISSARRO'S SERIES PAINTINGS
by Richard R Brettell and Joachim Pissarro
Yale £35/£18.95, 230 pages

THE COLLECTED WRITINGS OF ROBERT MOTHERWELL
edited by Stephanie Terenzio
Oxford £35, 325 pages

MARCEL DUCHAMP
by Jacques Caumont and Jennifer Gough-Cooper
Thames & Hudson £45, 520 pages

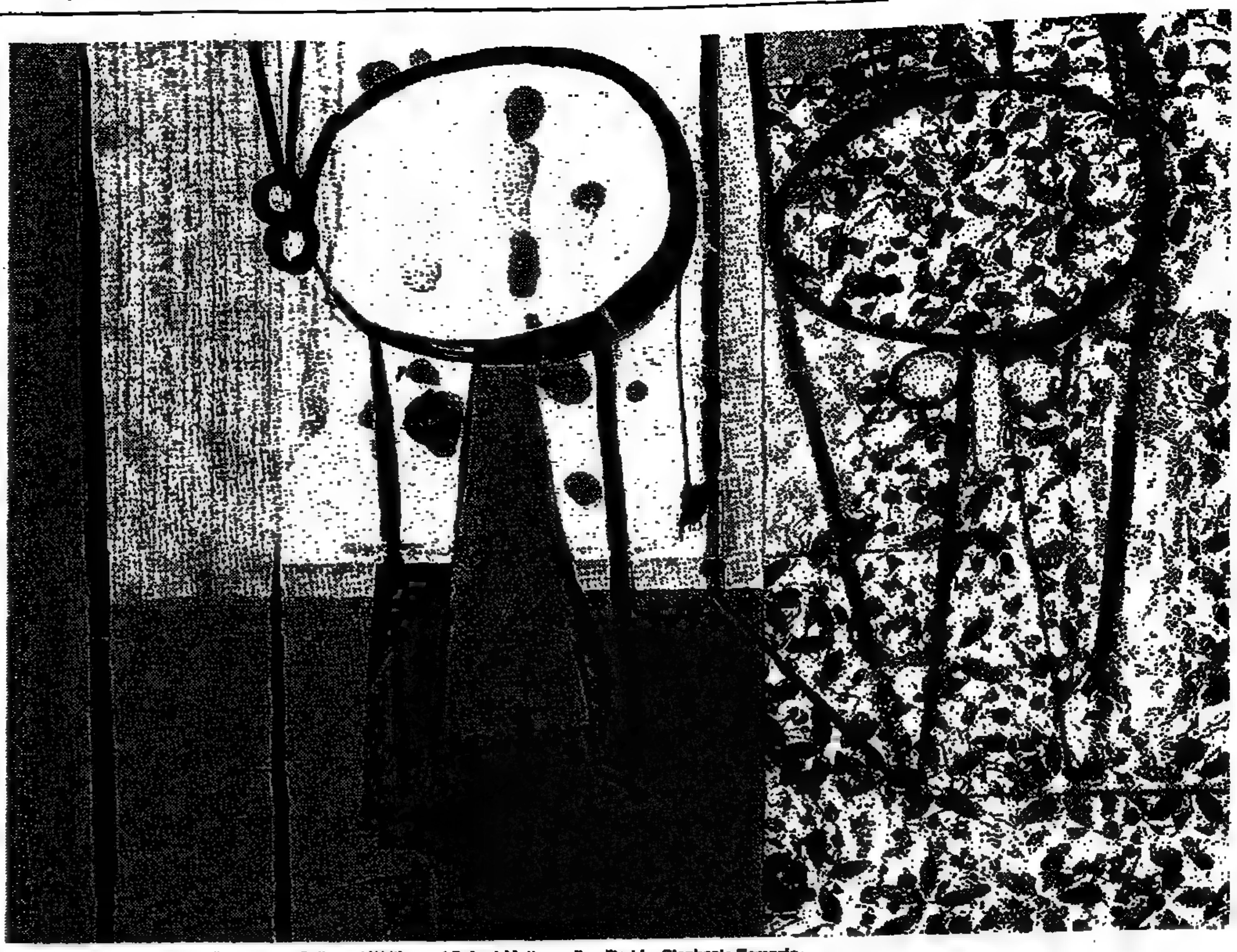
Pissarro and his fellow-Impressionists tried to depict in paint exactly what they saw in the external world. When the American artist Robert Motherwell was a student of philosophy he was greatly influenced by French attitudes to art. That was in the 1940s, when innovative artists in America had turned away from external reality to a "super-reality" to be found by plumbing the depths of consciousness; hence that unsatisfactory term, surrealism.

The Collected Writings of Robert Motherwell, edited by Stephanie Terenzio, reveals how indebted the New York School of painting was to surrealism. Rothko, Kline, De Kooning, Ad Reinhardt: none would have painted the way they did had it not been for French surrealism. They became labelled Abstract Expressionists (a term Motherwell disliked). Piet Mondrian and Marcel Duchamp were living and working in America during the second world war, as were many other foreign artists. It was from contact with Sebastian Matta, the Chilean-born surrealist painter, that Motherwell's own gift for surreal painting was released.

Because of his philosophical training, his gift for articulating the basic principles of the movement, Motherwell was frequently invited to lecture about these revolutionary American painters. All his lectures and published writings have now been put together. Though there is a certain amount of repetition, the collection is well edited and it will become essential for an understanding of Abstract Expressionism.

Motherwell's trademark was his distinctive use of black as a colour, particularly in his "Elegy to the Spanish Republic" paintings, where there are usually two smudgy black oval shapes to be seen in the foreground. Bull-fighting is hinted at here: these ovoids are designed to remind us of the testes of a bull. If you think they are not unlike the shapes anyone might make while doodling, you would be right. Doodling, or free-association, is serious activity in this kind of work.

Here is Motherwell's description of his own method of work: "I usually begin a picture with a 'doodle', or with a liquid puddle like a Rorsach image (but not pressed together), or with a line or a dot, or a piece of paper dropped at random on what will be a collage. Then the struggle begins, and endures throughout in a state of anxiety that is ineffable, but obliquely recorded in the inner tensions of the finished canvas".



"Pancho Villa, Dead and Alive", from The Collected Writings of Robert Motherwell, edited by Stephanie Terenzio

This account of an approach that relies on the random, the aleatory, is reminiscent of the method of Marcel Duchamp, who progressed from an early form of cubism via surrealism to styles involving "ready-made" objects like bicycle wheels seen in isolation, styles peculiarly his own. His development is plotted in the Duchamp exhibition at the Palazzo Grassi in Venice, open throughout July.

This massive volume on Duchamp, edited by Pontus Hulten with texts by Jacques Caumont and Jennifer Gough-Cooper, is at one and a superbly illustrated catalogue of the exhibition; at the other an account of events in the artist's life organised under astrological signs. Happenings widely separated in time – say, 1928, 1946, 1950 – are entered one after the other because they occurred under the same zodiacal sign. It is a dotty approach to chronology but one that, I feel, Duchamp would have appreciated: it makes interesting reading for his admirers because much of the material has not been published before.

Malice, misery and the married classes

***Andrew Adonis** eavesdrops on the violent reality of aristocratic liaisons*

THIS IS the third of Lawrence Stone's volumes on marriage in early modern England. A fascinating collection of case studies of marital discord among the 17th and 18th century upper classes, it follows an analytical study and a volume of case studies of the making of marriages in the period.

However, *Broken Lives* stands on its own, and might best be recommended not as an accompaniment to Stone's earlier tomes but as a follow-up – moving backwards, as it were – to *Lady Chatterley* for those who found their Sunday sex insufficiently explicit or violent. Skip the scholarly introduction, and get straight down to Chapter 1: Botler v. Botler, the battered wife.

One groom apart, in *Broken Lives* the servants know their place – which is alternately to save their mistresses from being battered to death, to spy on their illicit liaisons the better to extract silence money thereafter, and, when the inevitable case for cruelty, adultery, annulment, separation, alimony, or a variable combination of them, reached the ecclesiastical courts (whose records are the main source for the study), to provide the peep-hole and sheet-stain evidence critical to success or failure.

Divorce, of course, was not available until 1857 – the best one could hope for was annulment on grounds of impotence, which again depended heavily on the sheets.

A few chapters in, you become accustomed to the cultural idiosyncracies of yesteryear, such as the total ignorance of the reproductive system and the almost unfettered control of the men over property and children.

BROKEN LIVES: SEPARATION AND DIVORCE IN ENGLAND 1660-1857
by Lawrence Stone
Oxford £16.95, 355 pages

If the individuals portrayed here (admittedly they are an exceptional lot, even of their own class in their own day) were not so unrelentingly selfish, one could even sympathise with those trapped in a society that was starting to tie sex to love yet still requiring its social leaders to treat their marriages as business deals, and forbidding them from seeking satisfaction elsewhere.

Yet the sheer violence continues to amaze. And this of the very rich to the very rich.

Take Dineley v. Dineley. In 1717 Sir John Dineley, Bart., grandson of a deputy-governor of Bombay whose son secured a baronetcy and a seat in Parliament through marriage to a Worcestershire heiress, in turn married Mary Lawford, the 14-year-old heiress to a Bristol merchant's fortune. Neither was quite typical: he, a second son not expected to inherit, had been sent to sea; she was almost illiterate, which was unusual for one of her station by that time. But in marriage he acted to form, and was sufficiently pukka to be made a local JP.

A man of violent disposition, Sir John was frequently given to kicking Mary out of bed at night and locking her out of the house. When Mary quarrelled with his mistress, he chained her to a post in the garret. She, in turn, grew familiar with Sir Robert Jason, a neighbour, and took to the bottle.

The crunch came when Sir John feared that his wife, off to the races at Chipping Campden, was about to elope with Sir Robert. Again beaten and chained to a post in the garret – and only released, black and blue, when the local gossip became intolerable – Mary sued for separation with alimony on grounds of cruelty. The case ran for nine years, consumed much of their combined fortune, but ended up with Mary in prison and in penury.

Meanwhile, Sir John engaged in a bitter quarrel with his equally violent younger brother Samuel, heir to the Dineley estates under their father's will.

Depriving Samuel of his reversion became his life's passion. By a complicated ruse, requiring the consent of his (now adult) son whom he had deserted to abject poverty and near death in London, Sir John succeeded in doing so.

Samuel's revenge was to hire some ruffians, abduct Sir John from the streets of Bristol in broad daylight, bundle him into a barge, get the ruffians drunk, and then set them to throttle his brother in his presence – the murder taking about half an hour. Discovered, Samuel was hanged before an enormous crowd, after praying: "Lord do not reward me according to my desserts."

By the end of the book, the notion of just desserts seems far-fetched. Then is the time to turn to the introduction, where Stone makes excellent sense of it all.

Glyndebourne is not the only festival: across Europe many new venues now offer a varied programme of music, opera and social entertainment

Raising the barn roof: one attraction of the Festival is its many varied settings

Music on the move at a barnstorming festival

***Richard Fairman** roves across the Schleswig Holstein landscape*

IN A LARGE barn the near-capacity family audience sits in silence. Adults occupy rows of temporary plastic seats. Children nestle in the beams. Young and old, more than 1000 people have come to hear the concert. Their attentiveness is all the more remarkable given the music they are hearing – Benjamin Britten's late and concentrated Third String Quartet.

That was the scene last weekend at one of the "musical parties" that are such an attractive feature of the Schleswig Holstein Music Festival. For those whose knowledge of Germany is not all that it might be it may be helpful to place Schleswig Holstein on the map. This is the northernmost part of Germany, bordering on Denmark. The North Sea bounds it to the West, the Baltic to the East. The main cities are Kiel and Lübeck, the nearest cosmopolitan centre is Hamburg.

Now fully finding its feet, the festival itself is seven years old. In a period when so many music festivals were given birth, this one has survived and prospered because it is different. Among its early supporters was Leonard Bernstein, who wanted to promote a European equivalent of Tanglewood. (Keen followers of the Proms may remember him bringing the student Schleswig Holstein Festival Orchestra to London a few years ago.) With its fine student orchestra, its master-classes and so many young faces in the audience, youth is one of the features that has given the festival a distinctive personality.

The other is the way it spreads itself generously across this whole northern reach of the country. As an area for holidays it is favoured by Germans from the South, while foreign tourists are most often Dutch or Scandinavian. To visitors from England the scenery is much like home. Bernstein remarked on the "green countryside, farmland and... lordly houses", which could easily be a description of East Anglia, the area it most closely resembles.

All this is worth mentioning, as the music is constantly on the move, from city cathedral to manor-house, town hall to country barn, and the audience will find that one of the pleasures of the festival is in moving with it. A visitor is likely to discover as much about the countryside while in pursuit of the music, as vice versa.

The all-weekend "musical party" was at Emkendorf, north of Hamburg. In the grounds of the local Schloss, a substantial country-house, with yellow walls and shuttered windows, lies a group of carefully-restored 18th-century barns. The largest is where the concert takes place. There is music for an hour, then an hour's rest, in which parents can take restless children to burn off their energy in the grounds. The refreshments, supplied by sponsoring companies, included ice-cream, beer and (an unlikely choice) champagne. Do not be fooled: Glyndebourne is many miles from what Emkendorf is about.

One could dismiss the exercise as an up-market fun-fair, if the response to the music had not been so whole-hearted. Apart from one or two screams from roving two-year-olds, the Arditti Quartet were given an intent hearing. Their performance of Britten's Third Quartet, subtly coloured, poetic, gave an eloquent apologia for the piece. Among the other performing groups were a folksy mouth-organ ensemble and the Chamber Pop Quintett Soundmachine. Musical snobs, like critics, can opt out and take a walk round the lake.

The night before, the Arditti had been the guests in a thoroughly adult programme. This was at Wotersen, across country to the south east, but a venue almost identical in charm and layout. Another Schloss, another big barn, where 20th-century music was played Aldeburgh-style, in a fine, open acoustic. The programme paired two Bartók quartets with a new quartet by Peter Eötvös, a festival commission. It takes as its theme a selection of letters by Mozart, though the connection seemed tenuous. It was the quartet's sound-world of murmuring glissandos, as though the words of the letters were being hummed or whispered, that constituted its real interest.

Delightful though these countryside venues are, a festival itinerary needs to take in towns or cities as well, if it is to catch the large-scale events with international artists. This has historically been a musical part of Germany. Hamburg was the birthplace of Brahms and Mendelssohn. Lübeck was the home of Buxtehude's renowned organ, no longer surviving unfortunately, although the city, a World Heritage site, is celebrating its 850th anniversary this year amid much fine late medieval architecture.

In Hamburg I caught the Schleswig Holstein Festival Orchestra giving its most prestigious concert of the festival, under Georg Solti. Brahms was on the programme in his home concert-hall; the Fourth Symphony, robust, confident, no-nonsense music in Solti's hands, which may not be all the symphony had to say when the composer conducted it, although the performance worked well enough as far as it went. The student musicians certainly gave a strong account of themselves, as they had earlier in a trenchant performance of Stravinsky's *Petrushka*.

As an encore Solti and his young orchestra threw in a spectacularly fiery *Die Fledermaus* Overture. It was a stifling evening, during which musicians and audience had been melting in the heat, but as Solti remarked, "they played it so well this afternoon, I felt you had to hear it!" The energy did not fail them. Among the new-born festivals of the 1980s, Schleswig Holstein looks to be a healthy survivor, a music festival with youth on its side.

Schleswig Holstein Festival continues until August 22. Jointly sponsored by Zentis, Die Göttinger Gruppe and Bahlsen.

Castleward rises above the Troubles

NORMA MAJOR has not often featured in the annals of Northern Irish opera. But when, on her suggestion, the prime minister's party swept into Castleward opera last week – on the evening when Sir Patrick Mayhew, Northern Ireland Secretary, made his politically embarrassing joke about a Belfast bomb explosion that injured 30 people – it marked an unexpected boost to the little-known world of Irish opera.

Dubbed by Sir Patrick as a "Glyndebourne without the pomp", Castle Down has been quietly seeking to make its mark on the operatic map since the mid 1980s. Like other would-be Glyndebourne's that have grown up across England, the venue thrives by serving up a popular mixture of pleasant opera and black-tie social graces, staged in the stately home of Castleward, which guests can admire during the dinner interval.

Unlike more pretentious venues, the event has not yet lost its home-made edge – nor the politics that pervade even the arts world in Northern Ireland. The operas are performed in a former barn, where on most nights hefty security men lurk at the stage door, guarding civil servants in the audience. A high profile party like the Majors means that the ornamental gardens are thick with combat troops.

In spite of these more unusual touches, Seamus McGrenera's production of Donizetti's *Lucia di Lammermoor* this year is an enjoyable performance. When Castleward first started, nine seasons ago, it used a semi-professional cast to stage three performance of *Cosi fan tutte* on a budget of £7000. This year, 17 performances are on offer, using a budget of £140,000 drawn almost entirely from local business sponsorship – a sum which the organisers say allows them to either pick middle-ranking established singers for their principles, or aim for up-and-coming singers. Wisely, perhaps, they have chosen to focus on the up-and coming elements, albeit with slightly uneven results.

Lucia di Lammermoor is an opera in which much depends on the power of the soprano, and the Irish-born Nicola Sharkey coped with the part of Lucia commendably. Baritone Gordon Sandison and bass Andrew Hammond also put in two solid performances, as Enrico and Raimondo respectively, providing a solid anchor to the opera and counterbalancing a slight weakness in the tenors, who had been undermined by illness.

Nevertheless, the biggest challenge for the opera remains the staging: the barn-cum-hall where the operas are produced seats no more than 200. Director Seamus McGrenera and designer Adam O'Neill sought to overcome the limitations by using the levels and depths of the stage to the full, but although the set design was impressive, it did not always entirely overcome the problems of overcrowding or the slightly static feel to the production.

How Castleward will develop in the future is uncertain. To make its mark on the international opera scene, critics agree that it will not only need a new stage, but also a more specific opera niche – perhaps a focus on the little-known repertoire of Irish opera, instead of the selection of popular classics that the venue now serves.

However, organisers fear that taking this direction could alienate the local audience, as well as the business sponsorship which it has carefully cultivated over the years. "People are not falling over themselves to go to opera in Northern Ireland. It's basically a very conservative audience," says director Seamus McGrenera.

As the venue has grown on the back of local business sponsorship – a considerable feat, given the financial climate – finding the funds for redevelopment seems unlikely. Meanwhile, for Castleward's fans it is the very intimacy and enthusiasm that gives the performance its charm.

Gordon Sandison and Nicola Sharkey in "Lucia di Lammermoor"

"This is like Glyndebourne in the 1930s or Wexford in the 1950s. With careful nurturing it could grow into something of significance," says Ian Fox, a leading Dublin critic who has been trumpeting Castle Ward's cause south of the border.

Tickets for this year's productions rapidly sold out. And courtesy of Norma Major, Sir Patrick Mayhew and the ensuing publicity, it seems that competition to get tickets for next year's productions will be even more fierce.

Gillian Tett

Rehabilitation of a wartime voice

***Michael Glover** reviews the reputation of the poet John Heath-Stubbs*

"THE HUNGRY generations tread each other down," writes the English poet John Heath-Stubbs in *Hindsights*, an autobiography published this week to mark his 75th birthday. And of no generation has this been truer than his own, the 1940s, which was attacked with such vehemence by the poets of the 1950s – Robert Conquest, Philip Larkin, Kingsley Amis and others – that only in recent years has it been possible, thanks to the publication of the collected poems of Norman Cameron, George Barker, Heath-Stubbs himself and others, to judge how much truth there was in these allegations.

So what exactly was wrong with the poets of the 1940s? Irresponsibility, for a start. Coming after the politically committed generation of the 1930s, the 1940s poets seems set apart from the world in which they lived, in both subject matter and language. Poet Denise Levertov has called the work of that decade "invertebrate". Apocalyptic, diffusely passionate, intensely metaphorical, it seemed to lack any backbone of reasoned discourse. In their flight from the horrors of war, these neo-romantics plunged headlong into the abyss of themselves and often (like David Gascoyne) crawled out godly.

Two movements in the 1930s contributed to the excesses of the 1940s: surrealism and Freudianism. Freudianism gave poets a justification for regarding poetry as the outpourings of the Id; surrealism taught them that the suprarational truths revealed in dreams had a power to heal the divisive wounds of capitalism. Such a potent cocktail was bound to produce muddled-headedness.

All this syballine frenzy struck the poets of the 1950s as repugnant and inappropriate to the drab realities of post-war Britain. According to Robert Conquest, editor of *New Lines*, one of that decade's most influential anthologies, the poets of the new decade would be much more down-to-earth: rational structures, comprehensible language, and a refusal to submit to "great systems of theoretical constructs or agglomerations of unconscious commands" would be the order of the day.

John Heath-Stubbs

Heath-Stubbs, at Oxford in the war years and published for the first time early in that decade, got smeared along with the rest, and his reputation suffered. He has fought to get rid of the taint of neo-romanticism, and to prove himself more than merely "an ageing survivor of an abused/Unfashionable decade".

A Hampshire man, he grew up near the New Forest, and from his earliest years suffered from congenital glaucoma (one eye was removed in the 1950s, the second in the 1970s). After miserable years at Bembridge School on the Isle of Wight he went on to Worcester College for the Blind, and from there to a scholarship at Queen's, Oxford.

In the poetry, his poor eyesight has been more than compensated for by an extraordinary visual and auditory imagination. He has an acute ear for the bewildering variety of birdsong to be heard even in inner London, where he has lived for the past 40 years. As a schoolboy in the 1930s, he was a passionate autodidact, devouring each new volume of the Thinker's Library as it appeared. Greatly interested in botany and natural history (see, for example, "Botanical Happy Families" in his new collection of poems, *Sweet-Apple Earth*, Carcanet, £7.95), he possesses the intellect of a magpie.

His best poetry is Augustan in temper, far removed from the mannered, baroque language of George Barker or Dylan Thomas. He possesses a strong sense of tradition. Those early years in Hampshire gave him a familiarity with the myths surrounding the death of William Rufus at the hands of his man-servant Tyrrel in the New Forest. Did Tyrrel kill the king by accident or design? Or was it a ritual murder involving a witch-cult? The poem "Purkis" probes that mystery, and also sets it in the context of a popular children's rhyme – English history layered upon English history.

Heath-Stubbs, a great, gangling man, shock of white hair falling forward over his face, cane gripped fiercely in both hands, reads this poem with a powerful sense of the music of the verse, a quality which those poets of the 1950s and their impassioned successors began to help us to forget, such was their concern to represent life as it really is.

■ *Hindsights, an autobiography.* John Heath-Stubbs. Hodder & Stoughton, £25.

Top dealer cashes in his lot

***Nicholas Powell** on an upcoming bargain basement auction in Paris*

THE ELEGANT field of 18th century French furniture is heading for a big shake-up on September 28, when leading Paris specialist Camille Burgi shuts his shop and auctions his entire stock at Drouot salerooms without a single reserve price.

Two hundred and fifty lots of top-quality 18th and early 19th century furniture, art objects, paintings, ceramics and sculptures will be put under the hammer by auctioneer Jacques Tajan in one of the biggest sales of its kind which Paris will have seen in a long time.

Burgi is selling up less than a year after opening premises at 77 Faubourg Saint Honore – just opposite the Hotel Bristol and a prime location for an antique dealer. Burgi has 10,000 square feet, four-storey premises complete with a restoration workshop and employs 10 permanent staff. Painting dealer Colnaghi is across the road, Sotheby's is just up the street and all the biggest names in 18th century French furniture and art work are nearby.

None of the stock will have been seen before in an international saleroom – Burgi is the only important Paris dealer who visits private sellers and salerooms in the provinces to find material. Aged 42, he began his career with an eight-year stint in Paris's flea markets. He spent the next 17 selling two furniture dealers on the Faubourg Saint Honore and bought a gallery on Rue Rossini, near the Drouot salerooms. He has another on Rue Richer, in the north of Paris, and also sells from a château in the Yonne region, near the capital.

In October, 1992, Burgi joined his former clients on the Faubourg on their terms, furnishing his new headquarters at No 77 with some of the best pieces he had collected over 20 years. He spent FFr3m (£350,000) renovating the premises, believing that an energetic approach and modest profit margins could poke the market into life.

However, the American and European clientele he acquired were rich but penny-pinching. After 11 months of trading only one item a week, earning one-third of what he needed to cover costs and losing a total of FFr8m (nearly £1m), Burgi decided last month to throw in the towel.

The failure of such a big dealer could, ironically, prove very damaging to his competitors by breaking prices. Last week, Paris's Tribunal de Commerce gave the go-ahead necessary for Burgi, as a tradesman, to auction his stock, which could raise anything between FFr11m and FFr33m (£1.2m to £3.5m). No estimates will be published: those used by experts cataloguing Burgi's stock are based on their feeling for the market in its current depressed state. They are often one-third of those which Burgi quotes in his gallery, which are, in turn, considerably lower than the prices some of his near neighbours ask for similar items.

"I decided that it was not sporting to use reserve prices. Everything must go and a lot of people could make the bargains of their lifetimes. Prices will only depend on the buyers and this sale will fix prices in the field of 18th century furniture for a long time to come. At last, we are going to see what this stuff is really worth on the open market," Burgi said.

The September sale will include a very rare pair of early 19th century English benches in beautifully-moulded mahogany and red leather, a Louis XIV Boulle bookcase and a pair of Louis XVI oak consoles painted in trompe l'oeil marble, similar to a couple the Getty Museum bought in Paris for FFr400,000 (£46,000) five years ago. Burgi is also selling a Japanese screen in Coromondelle lacquer. It is the type stocked by most of his colleagues on the Faubourg but could sell for a fraction of the normal asking price of around FFr800,000 (about £96,000).

Off the Wall/Antony Thorncroft

Lily-livered executioner

THE Arts Council is proving a maladroit executioner. On Thursday it was set to freeze the blood, to announce the arts companies that would have their grants withdrawn following the Council's new policy of backing winners and removing support from the mundane.

Already the rumour factory had reduced the number of victims to around 10, but it was made clear that drama would be badly hit. On Wednesday the drama panel at the Council threatened mass resignations. On Thursday the Council announced that there would be more consultations.

There is nothing wrong with the Council finally daring to wield the axe. In the past, once you became a client you were on a permanent gravy train. But it is going about the business in a hopeless fashion. For a start it is planning to give most of the £1.4m saved from the drama budget to contemporary dance and visual art. If the public had a choice it would surely favour saving its local theatres rather than funding such minority art forms more lavishly.

Presenting even more cause for concern are the names rumoured to be on the hit list – the theatres at Plymouth, Oldham, Coventry, Watford, Greenwich, and the Lyric Hammersmith, all of whom have recently presented excellent work. Given the box office recession, and the financial problems of local authorities, their future would be in jeopardy if their grants were withdrawn.

It gets worse. The Council is threatened with a 2 per cent, or £5m, cut in its own grant by the government in 1994-95. Is this the time for the Council to impose additional misery on the arts world? And it seems confused in its judgments. It suggests that if the government comes up with more money than anticipated then some of the doomed theatres might get their cash. This makes a nonsense of the argument that they have been chosen for closure for artistic failings.

The Arts Council also shows its lack of relish for blood letting by choosing an outsider, Sir Leonard Hoffman, to do its dirty work on the London orchestras. The Council wants to save the £400,000 subsidy it gives to the RPO. It wants the LPO and the Philharmonia to merge into a slightly enlarged band based on the South Bank, giving London two top-flight orchestras. (The other would be the LSO at the Barbican). This is the formula that Sir Leonard will be expected to recommend to the Council.

Finally, the Council is behaving shabbily over the popular and successful Glyndebourne Touring Opera. It has asked it to apply annually for grants from 1995-96 and stipulates that these will be confined to visits to medium sized theatres such as Plymouth (if it is still in business) and Norwich. But Glyndebourne prefers to play bigger venues and its productions are often ill-designed for smaller stages. The Council seems to have a vendetta against southern-based opera companies. One of the few clients it has killed off was Kent Opera. Now it has Glyndebourne Touring in its sights. It is all very strange.

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"Sensational" was the word when an early 19th century calculator, which was estimated to sell for around £15,000, was bid up to £7.7m at Christie's in London on May 19. It was an unprecedented event in any auction room.

So how do you describe the subsequent events – super-sational? The successful bidder, the well-respected Swiss dealer Edgar Mannheimer, has failed to pay up during the official 30-day period. This is just about understandable: he could have crossed wires with a big collector who subsequently decided that he did not want to go that high.

However, the most intriguing aspect of the affair is the behaviour of the under-bidder who was, in theory, representing a German museum. The museum says that its top budget for an acquisition is £200,000.

There is no sense to it all. That is why there are wild rumours in the antiques trade of a dealer who is very ill but who wants to leave his mark on the business to enter antiques history. But he would have to persuade a friend to co-operate on chasing up the price of a rare but not unique object to incredible heights. This seems less likely.

The most sensible explanation is that whatever Mannheimer's motives, the under-bidder got carried away by atmosphere and Teutonic pride carried him into the stratosphere. It is bad news for the vendor, who went on holiday to celebrate his extraordinary coup. It is less bad news for Christie's which, as agent, does not have to recompense him with £7.7m. But somehow one cannot see a long legal case materialising with the vendor trying to extract £7m from the "buyer".

If the German museum still wants an early 19th century calculator, well, Sotheby's is offering what it considers to be a similar example on October 7. It is keeping its feet on the ground with an estimate of £200,000, just what the museum can afford.

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All those cynics who have dubbed the Department of National Heritage, the Department of Nothing Happening, need only wait another nine months. By then Peter Brooke, the minister, will be in a position to amaze us with his energy.

Brooke, a politician and a gentleman if ever the two can twin, takes a relaxed, long term view of his job. He spent his first nine months mugging up his brief and at the end of the next nine anticipates that he will have enough data for decisions to be made. He seems quite ready to switch resources in his £1bn bailiwick from sports to arts, or from heritage to broadcasting if the evidence favours drastic change. Brooke believes that it requires a long stint at a job to be effective. Let us hope that the PM thinks the same.

Brooke is not bullish about the prospects for the arts and heritage in the current expenditure round. He takes comfort from the thought that the traditional approach of giving arts organisations lavish grant increases one year and then being forced by economic crises to take the money away the next is as deleterious as keeping them permanently skint, the current plan.

But he does feel that he has ring-fenced National Lottery money from Treasury predators, and if the legislation can pass through Parliament this month then by the end of 1994 the arts and the heritage, as well as sport, charities and the Millennium Fund, will each benefit by at least £75m a year, with most (but not all) the extra money going on capital projects. The sum could be as high as £200m, which would transform the UK cultural scene.

So it seems a case of hanging on grimly for the good times. Brooke also believes in leaving well alone, but he does not seem to think that the Arts Council is a totally healthy organisation.

The decade of decadence

***Patricia Morison** enjoys an exhibition of the languid and rather naughty Nineties*

ANYONE WHO grew up in the late 1960s may well find the latest exhibition at London's Victoria and Albert museum powerfully nostalgic. *High Art and Low Life: The Studio and the Fin de Siècle* offers a richly textured account of the decade which has etched a clearer image of itself than any other.

During my sixth-form years, spent still in the back-wash of the 1960s, the 1890s held a deep fascination. Our tragic heroes were Rimbaud, Oscar Wilde, and Aubrey Beardsley. The latter supplied favourite images, together with posters by Toulouse Lautrec and Mucha, and postcards of Moreau and the Belgian Symbolists.

It had all seemed a long time ago – until this exhibition. But now, with so much of the look of the 1960s back on the streets, it seems possible that *fin-de-siècle* decadence may yet be resurrected for our end-of-century. Indeed, the exhibition reminds us of the V&A's key role in stimulating the cult of the 1890s, first with the 1963 Mucha exhibition which brought Art Nouveau roaring back into fashion, then the Beardsley exhibition of 1966.

There are other straws in the wind. At the Almeida, a new opera deals with the life of Rimbaud. This autumn the Barbican will stage an exhibition of Mucha, who as a Czech nationalist is perhaps even more likely to captivate a younger generation than last time round. Easy parallels present themselves between the 1990s and the 1890s. To name but one, Ibsen on syphilis has become horribly topical.

Interestingly, the V&A's exhibition looks beyond the languid exponents of decadence. In this, it takes its cue from the character of the influential *Studio* magazine, launched exactly 100 years ago. The magazine was established to promote "advanced" taste in furnishings, decoration and the fine arts, but it was never intended to shock. It lay on the occasional tables of people who would never have read the notorious *Yellow Book*.

Nonetheless, "low life" figures found in the magazine a showcase for their talents. The 21-year-old Beardsley was responsible for designing the cover of the first issue of *The Studio*. Within its green wrappers was to be found "The Climax", his famous illustration for *Salomé*. Wilde loved it.

Also contained in this first issue were Baron Von Gloeden's photographs of young Sicilian boys – with and without togas. The baron's work still sells well at the bookshop in Taormina, congregating ground for the international gay set. Even so, it is just possible that to an innocent Victorian, photographs like these could have appeared as no more than a stunning recreation of ideal Grecian beauty.

The designs of Voysey and Ashbee were much promoted by the *Studio* and are prominent in the exhibition. Among the artists featured are Charles Conder, famous for paintings on silk, also Frank Brangwyn, Arthur Melville, Whistler, and the inseparable Ricketts and Shannon – Marigold and Orchid, as Wilde nicknamed them. It was a great age of beautifully bound and illustrated books. Would Pooter and Sherlock Holmes have been such a hit without their illustrations?

The show marks the relaunch of *Studio International*, successor to *Studio*. Its catalogue forms part of a centenary edition which also contains stimulating essays on aspects of the 1890s such as the New Woman, "the Love which dare not speak its name", the colours of decadence, and smoking. This was the era of Smoking Concerts, advertised by posters on which trails of smoke lent themselves perfectly to the sinuous style of Art Nouveau. Aesthetes and Hearties united in extolling the pleasures of smoking. On the one hand, it was manly, for as Kipling observed: "A woman is only a woman, but a good cigar is a smoke."

A cigarette was also an essential prop to decadence,

Victorian pin-up: study of a Sicilian boy, by Baron Wilhelm von Gloeden

drooping between the fingers of the "Greenery-yallery, Grosvenor Gallery, foot-in-the-grave young man." Less familiar than W. S. Gilbert's jokes about the aesthetes is the following vicious characterisation of their tastes which Kipling gives to a dying father addressing his Old Harrovian son:

"The things that I knew was proper, you wouldn't thank me to give

And the things I knew was rotten, you said was the way to live

For you muddled with books an' pictures, and' china an' etchings an' fans.

And your rooms at college was beastly, most like a whore's than a man's."

For anyone who nurtures an affection for the Nineties, this exhibition is a treat.

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Thomas Gambier Parry is pretty dull, at the Courtauld Institute in London (until September 1, then to Cheltenham Art Gallery). Gambier Parry (1816-88) was a clever, wealthy High Church aesthete. He collected *Italian primitives* at an unusually early period and some fine pieces of Islamic art. Most of this collection his grandson presented to the Courtauld, so the exhibition is by way of a *laudatio*.

Gambier Parry's competent but boring watercolours are on view, also his diaries. In the rarified world of Victorian ecclesiology, he is a notable figure for his invention of a special technique for wall-paintings. You will find his paintings on the roof of Ely Cathedral and at the church he built at Highnam in Gloucestershire, dedicated to the Holy Innocents in memory of two dead Parry children. The church sounds well worth a visit and possibly – since it needs money – a cheque. The church is three miles from Gloucester on the B4215 road: tel. 0452-412341/25567 for keys.

Alastair Muir

Cartoon opera: Nerys Jones and Geoffrey Dolton in "A Family Affair"

Not so comic capers

***Max Loppert** on a disappointing adaption of an Ostrovsky play*

THE SECOND staged offering of "Almeida Opera" – the season of new and modern opera put on at the Almeida Theatre in London by ENO's Contemporary Opera Studio – is an Ostrovsky adaptation. Nick Dear's racy, free-wheeling translation of the first full-length Ostrovsky play, *A Family Affair* (1850), was a hit when the theatre company Cheek by Jowl revealed it to London a few years ago. The composer Julian Grant, in search of a subject that would (in his words) mix "sophistication and ding-dong humour", lighted on the Dear text for his Almeida Opera commission; and this eight-hander in three rather ill-proportioned acts is the result.

To the number of Ostrovsky-based operas already in existence – Janáček's *Katya Kabanova* and Rimsky-Korsakov's *Snow Maiden* the best-known – this *Family Affair* is, I fear, an insubstantial addition. The play, an angry satire on bourgeois greed (given a scabrously upbeat topicality in Dear's modern argot), would hardly seem to *need* music in the first place; and the kind of music Grant has chosen for its operatic embodiment, though it manhandles the subject with boundless energy, ends up by underlining that point with wearying insistence.

London audiences have learned to recognise (and wring hands over) new operas that were no more than musicked plays, or fey private rituals, or radio-plays *manqués*; but this is a rare example of what I can only call the Cartoon Opera. Grant reveals a Loonie-Toons-and-Merrie-Melodies approach to operatic comedy, that trickiest of genres, exhibiting speed, force and hammer-blows of expressive device as his trademarks (in the tiny Almeida Theatre the level of volume achieved on Thursday by the 12-person orchestra often crossed the pain threshold).

The musical idiom, with chug-a-chug strings, wah-wah brass, pell-mell screeches of woodwind and all manner of exclamation-mark punctuation, proves itself kin to the classic cartoon-studio accompaniment. I know what Grant means about ding-dong humour – but *sophistication*?

The set-pieces – aria, ensemble – arrive with clear and not unskilful dramatic signposting; yet, since in the orchestral and vocal invention the distinction between straight and parodied tones of dramatic voice is blurred to the point of non-existence, the "operatic" necessity of these formal arrangements seems no more than gestural. The really curious thing is that, while all the performers are worked at full stretch, an impression of dramatic speed is an illusion increasingly dispelled during an ever more spirit-clogging evening.

Martin Duncan, a producer who has more than once shown a nimble hand with operatic hand, here delivers a coarse, blaring show – one can hardly blame him for not rising above the base-level of the material, but he and the conductor, Nicholas Kok, might at least have tried to vary vocal and orchestral volume a bit more.

The cast contains three of the most accomplished operatic character-actors in the land – Geoffrey Dolton (Lazar), John Graham-Hall (Rispolozhensky), Richard Suart (Bolshov) – and several other pleasing young talents besides. All eight work with unceasing vigour to give the opera real "go". They fail, but that is hardly their fault.

Almeida Theatre, London N1: in repertory until July 17

A very perky Pickwick

THE unrepentantly conservative audience at the Festival Theatre enjoys its Chichester Knights. This season it awarded its standing ovation to Sir Harry Secombe for walking through *Pickwick*, a role he created 30 years ago in Wolf Mankowitz's musical based on Dickens' "Immortal".

Or perhaps it was a role created for him. Amiable, straight, unworldly, Secombe seems to have spent most of his life auditioning for the part. Now in his 70s he still has the face of a mischievous child, but the energy count is inevitably diminished. He treats the show as a series of solos with a little comic business on the side. It is hard to imagine him ruling the Pickwick Club with a rod of iron, although the voice still commands respect – and the high notes.

But if Sir Harry takes it gently he is a generous ensemble player, looking on sweetly while others pile up the points. This production could also almost be promoted as *Weller*, so jauntily does David Cardy take his chances as Pickwick's gentleman's gentleman. The stage definitely buzzes when he dances, sings, and fools around a generously large cast. His energy rubs off on Michael Howe as Jingle. It is a contest to see who can milk the most from what is a fairly loose book, a canter through the familiar sketches from Pickwick.

Jingle has the neatest cameo as he woos Alexandra Bastedo's Rachel Wardle while removing her jewels, but Cardy gets to grin widest and longest. Even the Pickwick Club members – Peter Land (Snodgrass); Kevin A.J. Ranson (Tupman) and Robert Meadmore (Winkle) – manage to look and sound like individuals rather than supernumaries.

Patrick Garland's production needs to move swiftly to cover up the passing years. You realise just how far the musical has progressed in a generation. Lyricist Leslie Bricusse and composer Cyril Ornadel could still get away with cheerful Cockney capers and rumpity-tumpity music which owed something to music hall pastiche but even more to barrel organ blandness. Only the ballads have worn well, and if "If I ruled the world" now seems unsupportably banal, "Look into your heart" contains a tug on the emotions.

Alastair Muir

Sprightly knight: Sir Harry Secombe in "Pickwick"

Pickwick also seems in danger of an appearance before the Equal Opportunities Board. The women scarcely get a look in, although Ruth Madoc as Mrs Bardell makes the melodramatic most of her fleeting chances. With such a sentimental, soft-hearted, feel-good show it is perfect casting for Roy Castle, who appeared as Sam Weller in the 1960s, to be given a cameo as Sam's "ancient", Tony Weller. In time *Pickwick*, the musical, may carry some of the period charm of Dickens' novel. At the moment it is a glimpse into the dark ages of the British musical. But the band played loudly; the cast mugged it like professionals; and the audience thought that this is what the theatre is all about.

Antony Thorncroft

Radio/B A Young

Relationships and real life

THE SPECIAL relationship was modestly observed by the BBC on Independence Day Sunday. Radio 2 had *Stars and Stripes Forever*, about John Philip Sousa, with lots of pretty marches; Radio 4 had an American morning service; Radio 3 included naturalised-American Korngold in its morning concert and made him Composer of the Week. Peter Franklin gave a talk about him with music sounding like film-scores, though only one of them was.

What if...? is Radio 4's real-life SF, imaginative conjectures of life if various important matters had ended differently. Last week, Philip Ziegler and David Cannadine considered the chimerical reign of King Edward VIII. We should have probably had Queen Wallis, possibly Prince Simpson and Princess Wallis; but we might have had Queen Thelma (nee Furness). Lloyd George would perhaps have been prime minister, with Churchill in his cabinet, but the royal influence would have prevented war with Hitler's Germany. The Duke of York would have been found an appointment in Ottawa or Canberra.

This week, we envisaged a more likely, so less interesting, matter, that Mrs Thatcher remained prime minister in 1990. I say "less interesting" because the business discussed by Lord Gilmour and Roy Hattersley is but the shadow of today's problems as we see them; though they may be right that there would have been less enthusiasm for the Gulf War. Major would still have been chancellor, the Maastricht Treaty would have been accepted, Social Chapter and all.

Less likely affairs in later programmes make for more curious arguments. Next Tuesday, a Jew, a Moslem and a Christian will wonder how we should have progressed if Jesus had been released instead of Barabas; and on Tuesday week we consider the possibility of life on Mars.

Not a brilliant week for drama. Radio 3's Sunday play was a repeat of Martyn Wade's *Burn the Aeneid*. Roman experts with names in "new pronunciation" had been charged by Virgil in his will to destroy this manuscript. Their troubles, and the plot, are eased by a simple last-minute discovery – slight but fun for those who care about Virgil.

Radio 4's Saturday play was another "movie"; I was hearing Boris Godunov elsewhere. Monday afternoon offered *Scarlet on Black*, which I gave up as soon as I found it wasn't Le Rouge et le Noir but a modern French crime story; and Monday evening was Marilyn Morris's *Fit to be Tied*, about four women working in a cake-shop making everyday chat. Tuesday's Thirty Minute Theatre, *Disconnected*, by Anthony George, dealt with a railway accident; one passenger had a mobile phone that called up the future, too slight a novelty to make up for the otherwise conventional talk. However, the two quasi-political serials, *The House*, by Christopher Lee, and *Safe in Our Hands*, by Colin Douglas (about the NHS), are doing well.

Radio 5 has good serials, too, even when they only last two days. This week, we had *A Very Wicked Headmistress*, by Margaret Mahy. The school that she is headmistress of lies next to a farm where a volcanic eruption has mixed eggs, milk and sugar-beet into a lake of lumpy custard, the lumps being diamonds. The nymphomaniac farmer falls madly for the headmistress, she for the diamonds, but a farmboy and three sixth-form girls destroy all hopes of happy success. You don't believe a word? You haven't heard Stephanie Cole reading it. It was hilarious.

Then *The Chocolate Touch*, by Patrick Skene Catling: John Midas (of Greek extraction?) finds a weird sweetshop where he is given a chocolate fetish; it makes everything he touches turn into chocolate, including his toothpaste, breakfast, gloves, pencil – and mother. But all is well. The sweetshop man provides a remedy and then his shop disappears. Philip Hawthorn read this, with some dodgy accents.

CHESS No 982:

1 Nc2 (threat 2 Nb4) Qxc2 2 Rc6 (threat 3 Rc5) Kxc6 3 d5 mate.

TELEVISION

SATURDAY

BBC1

7.00 Ceefax Pages. 7.25 News. 7.30 Pinocchio. 7.50 The All-New Popeye Show. 8.10 *The Girl from Tomorrow*. 8.35 Potsworth and Co. 9.00 Parallel 9. 10.52 Weather.

10.55 **Grandstand.** *Introduced by Steve Rider from Silverstone.* Including at 11.00 Cricket: Benson and Hedges Cup. Lancashire v Derbyshire in the final at Lord's. 1.15 News. 1.20 Motor Racing: the qualifying rounds of the British Grand Prix from Silverstone. 2.05 *Cricket.* 3.00 *Golf: Final* round of the Scottish Open from Gleneagles. 3.55 Racing from The Curragh. 4.00 Golf.

5.15 **News.**

5.25 **Regional News and Sport.**

5.30 **Tom and Jerry's Greatest Hits.**

5.55 **Jim'll Fix It.**

6.30 **The Main Event.** The Coates family from Strathclyde and the Darbys from Sutton Coldfield compete. Game show, hosted by Chris Tarrant.

7.20 ***Open All Hours.*** Arkwright plans a new money-making scheme, but his suspicious nature causes it to founder.

7.50 **Birds of a Feather.** Tracey is upset when Darryl asks her to give up a prison visit so his parents can go see *him. Comedy, with Linda* Robson and Alun Lewis.

8.20 **The House of Eliott.** Jack makes a *new acquaintance during the filming* of his latest movie. The Eliott sisters face financial difficulties when they discover their bank is enforcing *extortionately high interest rates.*

9.15 **Spender.** Re-run of the first series, starring Jimmy Nail. The uncompromising detective is ordered back to his native Newcastle, where he confronts local villains, a bitter ex-wife, and his own shady past. With Paul *Greenwood, Berwick Kaler and* Sammy Johnson.

10.05 **News and Sport; Weather.**

10.25 ***Film: Ferris Bueller's Day Off.*** A teenage student gets involved in all manner of crazy schemes while playing truant from school. Chaotic comedy, starring Matthew Broderick (1986).

12.05 **Cricket: Benson and Hedges Cup.** *Derbyshire v Lancashire. Highlights* of the final.

1.05 **Golf: The *Scottish Open.*** *Highlights of the day's play from Gleneagles.*

1.45 **Weather.**

1.50 **Close.**

BBC2

6.40 Open University.

3.00 **Cricket: The Benson and Hedges Cup.** Derbyshire v Lancashire. Live coverage of the 55-overs-per-side final from Lord's. Commentary by Richie Benaud, Jack Bannister, Ray Illingworth and David Gower. Subsequent programmes *may run late.*

7.35 **News and Sport; Weather.**

7.50 **Scrutiny.** The work of Parliament's Select Committees.

8.20 **Pictures at an Exhibition.** Simon Rattle and the City of Birmingham Symphony Orchestra present an unusual version of Russian composer *Mussorgsky's orchestral piece* giving a musical impression of an art gallery. They are joined at Symphony Hall by performance artist Norman Perryman, who conveys his visual impressions of the piece with brush and paints on the stage. Perryman also reveals the painting techniques he pioneered and employed to critical acclaim during a ballet with the Netherlands Dance Theatre.

9.15 **The Face of Tutankhamun.** Professor Christopher Frayling examines the fascination with the boy king and his treasures that spread across Europe and America in the 1930s, and looks at the subsequent use of *Egyptian motifs in contemporary* design and fashion. Even the Folies Bergère staged a Nile extravaganza in Paris, and a dance evolved called the Tutankhamun foxtrot. Half a century later, following tours of the 3,500-year-old Egyptian antiquities, the pharaoh once again achieved worldwide recognition and captured the minds of a whole new generation with his magnificent treasures.

10.05 **The Second Heimat: A New Generation.** Schnusschen's hippy university friends force Hermann to leave his flat and set up home in Helga's Berlin commune. Stefan and Olga face a setback during the filming of Reinhard's script when the *crew refuses to take orders.(English subtitles).*

12.05 **Film: The Seventh Seal.** Ingmar Bergman *classic set in the plague-*ridden Middle Ages, about a knight who challenges Death to a game of chess. Starring Max von Sydow (1957).(English subtitles).

1.45 **Close.**

LWT

6.00 GMTV. 9.25 Gimme 5. 11.30 The ITV Chart Show. 12.30 pm Opening Shot.

1.00 **ITN News; Weather.**

1.05 **London Today; Weather.**

1.10 **Movies, Games and Videos.** Reviews of latest cinema releases Super Mario Bros, and Benny and Joon.

1.40 **Film: The Son of Robin Hood.** The *legend of Sherwood Forest lives on* when Robin Hood's offspring takes over his work. (1958).

3.05 **The A-Team.**

4.00 **WCW Worldwide Wrestling.** Grappling action in the canvas ring.

4.45 **ITN News; Weather.**

5.00 **London Today; Weather.**

5.10 **MacGyver.** Richard Dean Anderson as MacGyver investigates shady *dealings at a major corporation.*

6.00 **Beadle's About.**

6.30 **The Best of Tommy Cooper.**

7.00 **Stars in Their Eyes.** Five contestants impersonate their idols in a bid to charm the voting audience and win a place in the final. Hosted by *Matthew Kelly.*

7.30 **The Upper Hand.** Caroline intervenes when Jo's teenage growing pains begin to affect the whole household.

8.00 **The Bill.** Sun Hill officers help a homeless man trying to rebuild his life.

8.30 **London's Burning.** Disaster looms at Blackwall when a drugs war erupts into violence on a nearby *housing estate.*

9.30 **International Athletics: The Dream Mile.** Live action from Oslo as the Bislett Stadium hosts one of the showcase events in the international calendar.

9.55 **Victoria Wood: Sold Out.**

10.55 ***ITN News; Weather.***

11.10 **London Weather.**

11.15 **The Big Fight.** Steve Robinson from *Wales makes the first defence of his* WBO Featherweight title against Englishman Sean Murphy at the Cardiff Ice Rink.

12.00 **International *Athletics.***

12.30 **The Big E.**

1.30 **Get Stuffed; ITN News Headlines.**

1.35 **New Music.**

2.35 **Get Stuffed.**

2.40 **Night Heat.**

3.40 ***Rock Sport.***

3.55 **Coach.**

4.25 **BPM.; Night Shift.**

CHANNEL4

6.00 Early *Morning.* 10.00 Trans World Sport. 11.00 Gaelic Games. 12.00 Sumo. 12.30 pm Kasak.(English subtitles).

1.00 **Film: Elephant Boy.** Documentary drama about a native Indian boy who helps a group of British govern*ment conservationists find a mythi*cal elephant herd. Sabu stars in his film debut, with Walter Hudd and Allan Jeayes (1937).

2.30 **Adagio.** Short film about a man's obsession with classical music.

3.00 **Racing from York and The Curragh.**

5.05 **Brookside.**

6.30 **Opening Shot.** New series. Arts magazine, featuring a profile of Savion Glover, an American tap dancing sensation who, at 18-years-old, is already a Broadway star and *choreographer of his own young* troupe.

7.00 **The World This Week.** Sheena McDonald looks at international affairs; **News Summary.**

8.00 **Tour de France.** Stage seven: Peronne to Chalons-sur-Marne.

8.30 **Without Walls.** *Comedian and writer* Paul Whitehouse, better known as DJ Mike Smash, presents an affectionate portrait of Radio One when it reached its 25th anniversary.

9.00 **Traffik.** Fazal is determined to impress Tariq, despite his family's doubt about his choice to live in Karachi. Meanwhile, Jack is trying to head off a threatened strike by customs officials in England. Starring *Jamal Shah, Talat Hussain and Bill* Paterson.

10.05 **Drop the Dead Donkey.** Chaos ensues at the British News Awards ceremony, with Henry, for once, being less than happy to be centre stage. Neil Kinnock guest stars in the last in the series of the newsroom comedy.

10.35 **Film: Nikita.** Premiere of the acclaimed French thriller about a *rebellious young woman who, after* committing a murder, is enlisted by the government as an assassin. After four years training and a new *identity* she makes her first hit - unaware of the complications which await her. Anne Parillaud, Jean-Hughes Anglade and Jeanne Moreau star. Part of the Cinema, Cinema season (1990).(English subtitles).

12.45 ***Evening Shade.***

1.20 **Book Liberator.**

2.25 **Close.**

SUNDAY

BBC1

7.00 Ceefax Pages. 7.30 Wiz Bang. 7.40 Pigeon Street. 7.55 Playdays. 8.15 Breakfast with Frost. 9.15 Getting Through. 9.30 This is the Day. 10.00 See Hear! 10.30 Film: When Dinosaurs Ruled the Earth.

12.00 **World Stage.** Actress Eddie Ladd meets participants in the International Musical Eisteddfod in Llangollen.

12.30 **CountryFile.** British children sent to work on Australian farms between the 1940s and 1960s.

12.55 **Weather for the Week Ahead.**

1.00 **News.**

1.03 **On the Record.** Political analysis, presented by Jonathan Dimbleby.

2.00 **EastEnders.**

3.00 **Film: Lady Jane.** Historical drama about the 16-year-old Lady Jane Grey. Starring Helena Bonham Carter, Cary Elwes and Michael Hordern.

5.15 **Barney Bear Double Bill.** Cartoon fun.

5.30 **Superdogs.** Scotland and the Midlands compete in the third quarter-final.

6.10 **News.**

6.25 **Thora on the Straight and Narrow.**

7.00 **Passport To.** Two couples compete for a *holiday* in Zimbabwe.

7.50 **Strathblair.**

8.40 **As Time Goes By.** Jean is charmed *when she meets Lionel's eccentric* father. Judi Dench and Geoffrey Palmer star.

9.10 **News and Weather.**

9.25 **The Rainbow.** First of an award-winning two-part adaptation of DH Lawrence's classic novel about the *fortunes of* a Midlands farming family at the turn of the century. Starring Imogen Stubbs, Tom Bell and Kate Buffery.

10.35 **Everyman.** New series. Many people who have been on the brink of death claim to have experienced other worlds - some blissful, others hellish. Psychologist Dr Susan Blackmore dismisses these phenomena as hallucinations.

11.15 **The Train *Now Departing.*** *The future of the popular* Settle-to-Carlisle steam train route.

11.45 **Film: Soft Beds, Hard Battles.** Bawdy second world war comedy, set during the German invasion of Paris. Starring Peter Sellers in seven *different roles (1973).*

1.20 **Weather.**

1.25 **Close.**

3.30 **BBC Select: Pathways to Care.**

3.50 **Close.**

RADIO

CHESS

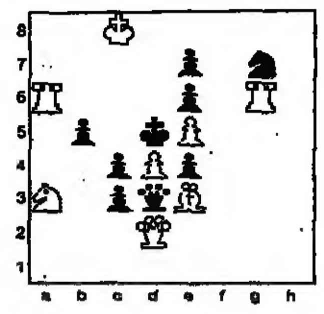
CHESS players often become creatures of habit in their favourite openings. Using the Sicilian or Queen's gambit for the umpteenth time, it is easy to lapse into autopilot mode, *muddle your move order*, and miss a trick.

This psychological slant explains why some opening traps have a high strike rate at clubs and weekend congresses. *Next time you meet the* Dragon Sicilian, try the sequence 1 e4 c5 2 Nf3 d6 3 d4 cxd4 4 Nxd4 Nf6 5 Nc3 g6 6 f4, devastating 40 years ago but now forgotten. The natural reply is Bg7 (Nc6!) 7 e5 dxe5 8 fxe5 Ng4? 9 Bb5+ when the victim sees that Bd7 loses to 10 Qxg4 so falls for Kf8? 10 Ne6+.

In Judit Polgar's match with Boris Spassky, the ex-world champion relied as black on 1 e4 e5 2 Nf3 Nc6 3Bb5 a6 4 Ba4 Nf6 5 0-0 Be7 6 Re1 b5 7 Bb3 d6 8 c3 0-0 9 h3 Nb8 10 d4 *Nbd7 11 Nbd2 Bb7 12 Bc2 Re8.* In the final game, the series lost, Spassky mechanically went 11 ... Re8?? first. Judit was also on autopilot, so quickly replied 12 Bc2?? when 12 Bxf7+! (Kxf7 13 Ng5+ and 14 Ne6) forces instant resignation.

If your opponent likes the Caro-Kann 1 e4 c6, try 2 Nc3(2 d4 is normal) d5 3 Nf3 dxe4 4 Nxe4. Your cautious Caro-Kannite on autopilot may fall for Bf5 5 Ng3 Bg6 6 h4 h6 7 Ne5 (not possible from 2 d4) Bh7 8 Bc4 e6 9 Qh5 g6 10 Qe2 Nd7 (time to develop) 11 Nxf7! Kxf7 12 Qxe6+ Kg7 13 Qf7 mate. Other Caro-Kannites, disliking doubled pawns, can be caught by 4 ... Nd7 5 Qe2! Ngf6?? 6 Nd6 mate, a trick which Alek*hine once* pulled off against four opponents in consultation.

No 982



White mates in three moves at latest, against any defence (by F Giegold). On a previous publication, many declared this unsolvable.

Solution page XVIII

Leonard Barden

BRIDGE

IN TODAY'S hand, which comes from first-class duplicate pairs, we are taught the *lesson of patience.*

N
♠ A 8 6 3
♥ A 7
♦ Q 9
♣ K 8 5 4 2

W
♠ Q 5 4
♥ J 6 3
♦ 10 8 5 2
♣ Q 10 3

E
♠ 10
♥ 10 9 8 5 2
♦ A K 7 4 3
♣ J 9

S
♠ K J 9 7 2
♥ K Q 4
♦ J 6
♣ A 7 6

South was dealer with both sides vulnerable, and opened the bidding with one spade. *North replied* with two *clubs*, South raised to three clubs, and North's jump to four spades concluded the auction.

West decided to lead the dia*mond two – any other lead sur*renders the contract, because declarer can discard a diamond *loser from* the table *on* the third round of hearts. East cashed king and ace and led the heart 10 to *dummy's ace.*

Now the average declarer cashes ace and king of spades, finds West with three to the *queen* and *goes one down.* Not this declarer, though.

After winning the third trick *with the heart ace,* he continued with the king and queen, dropping the knave from West. It was most unlikely that West held more than four clubs, so he now crossed to dummy's club king and returned a club to his ace (if East ruffs, he is ruffing only a loser) and cut adrift with the *seven*, taken by West's queen.

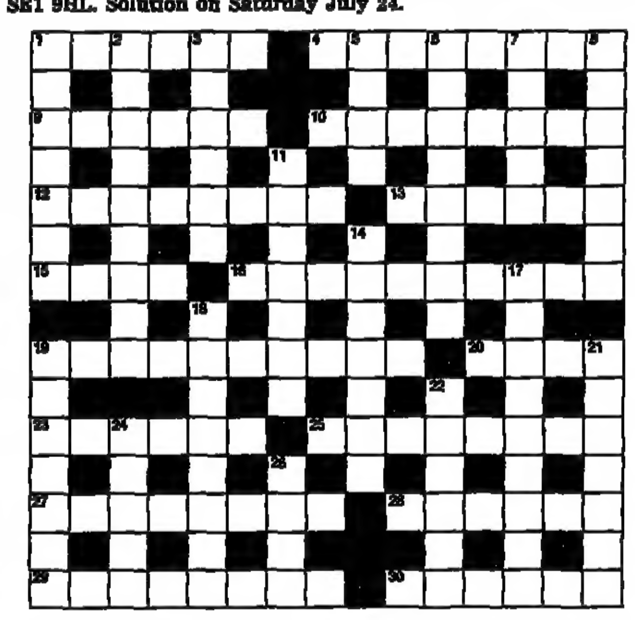
After this patient discovery play, everything pointed to the fact that West *held* three spades. Therefore, the contract would be made provided that *the singleton in East's hand* was the queen or the 10. When South cashed the spade king, *East dropped the 10, so he con*tinued with the knave and finessed when West followed *with the five. Not as glamorous* as a squeeze or endplay, but dummy play of the highest *order.*

E.P.C. Cotter

CROSSWORD

No. 8,198 Set by DINMUTZ

A prize of a classic *Pelikan Souverän 800 fountain* pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday July 21, marked Crossword 8,198 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday July 24.



Name..............................

Address..............................

ACROSS

1 Brilliant book – absolutely! (8)
4 Cheeky run out of rashness (8)
9 *Relocating can be so emotional* (6)
10 Runway advertises journey (8)
12 One cannot call up cinemas, as arranged (8)
13 *Thelma changes for play* (6)
15 FT mainly used in this lower chamber? (4)
16 Rifle college (10)
19 One of ten filed digitally (10)
20 Married couple of quiet aspect (4)
23 Cold in lorry? Terribly cold! (6)
25 Map-line is next to alternative *meridian* (8)
27 General coin no longer (8)
28 Suffer with a sherry-glass (6)
29 *Carol appears twice with Nick in* America (4,4)
30 Nose-dive with power thrust (6)

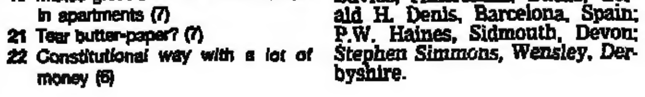
DOWN

1 Pound to see doctor in panel? (7)
2 Intrusion without better half is a lie! (9)
3 Satinpod cut short and straight (6)
5 Crazy about a single girl (4)
6 *Not showing face of fitful sun over* harbour (8)
7 Matriculate in garden-rolling (5)
8 His marked cards are accepted, of course (7)
11 Long-suffering case (7)
14 Energy cuts over east bring black *out* (7)
17 Tree, say, in a gradient that is awkward (9)
18 Undersea characters, you say? (8)
19 Makes great show of French article in apartments (7)
21 Tear butter-paper? (7)
22 *Constitutional way with a lot of* money (6)
24 Bird not common on Ilkley Moor? (5)
26 Low name, Phoebe! (4)

Solution to Puzzle No.8,197

Solution and winners of Puzzle No.8,186

Edna Pickard, Leeds; R.A. Custis, Chedworth, Glos; E.W. Davies, Amersham, Bucks; Gerald H. Denis, Barcelona, Spain; P.W. Haines, Sidmouth, Devon; *Stephen Simmons, Wensley, Derbyshire.*



Kow-towing to the Chinese

***Dominic Lawson** on the historical context of Douglas Hurd's visit to Beijing*

DOUGLAS Hurd is a man with a keen sense of history, so I imagine that he is well aware of the historical echoes resonating around his current visit to Beijing. It is 200 years, almost to the month, since the first attempt by the British government to establish relations with China.

While Hurd was meeting only his opposite number, the Chinese foreign minister, Qian Qichen, his predecessor of 1793, Lord Macartney, sought nothing less than an audience with the emperor, the 83-three-year-old Qianlong. Macartney wished to open China to British trade, and to establish a British embassy in the Celestial Kingdom. Hurd merely aspires to smooth over the difficulties in negotiating the condition in which Britain hands Kong Kong back to China.

Macartney had a much bigger incentive than Hurd will ever be given for diplomatic breakthrough. King George III had promised him an earldom if the mission was a success. Macartney failed, because he omitted to do something which the British foreign office has since learnt well.

He refused to kowtow to the emperor. The kowtow, as Qianlong's mandarins attempted to teach the British emissary, involved kneeling and prostrating before the emperor, not once but nine times. Macartney proposed that he should treat the emperor as he would his own sovereign: stoop on one knee and kiss hands. This suggestion outraged the court of the Manchu emperor. In particular, the idea that anyone should dare to touch Qianlong was blasphemous.

Macartney believed he was representing a sovereign of similar stature to the Chinese ruler. Indeed, in terms of geographical extent if not population, the British empire was greater than China's. What Macartney failed to understand was that the Manchu court considered China, the Middle Kingdom, the only true sovereign power on earth; the emperor was the earth's divinely appointed ruler. Any other potentate could aspire only to the status of vassal. Macartney and the other 700 members of the British delegation, were "paying tribute" to their true ruler.

So when Macartney referred to George III as Qianlong's "friend and brother," the Chinese Emperor told his mandarins that this was "unpardonable nonsense." Macartney finally left Chinese waters in 1794, *angry and disillusioned*, although he was fortunate, perhaps, not to have experienced the fate of the first Portuguese ambassador to China, who had died in a Chinese prison, having been convicted of "disrespect for customs."

By 1839, nothing had changed. When the Chinese finally stirred themselves to impound opium which the British were attempting to export to China, the mandarin responsible, governor-general Lin Tse-hsu, wrote to Queen Victoria: "Honourable chieftanness – We have heard that in your honourable barbarian country the people are not permitted to inhale the drug. How can your seeking profit by exposing others to its malefic power be reconciled with the decrees of heaven? You should immediately have the plant picked up by the very roots...

"Then not only will the people of the Celestial Kingdom be delivered from an intolerable evil, but your own barbarian subjects will be safeguarded against temptation. On receipt of this letter let your reply be speedy, advising us of the measures you propose to adopt. Do not evade or procrastinate. Earnestly reflect hereon. Earnestly obey. And then, displaying a devout sense of duty and a clear apprehension of celestial principles, you will have the approbation of the great sages, and Heaven will ward away from you all calamities."

Lord Palmerston kept this corker of a letter from Queen Victoria. *Within two years*, however, the Manchu empire got a response. The emperor's summer palace was sacked by a British force and Britain seized Hong Kong as a base for the export of opium into China.

Now Hurd, barbarian emissary of honourable chieftanness Elizabeth II, is in Beijing trying to hand Hong Kong back in a *manner* acceptable to the court of Deng Xiaoping. I hope he has packed his knee pads..

■ Dominic Lawson is editor of *The Spectator*.

Private View/**Christian Tyler**

Change of keeper for the giant panda

Claude Martin, next director of the World Wide Fund for Nature, says conservation is an ethical matter

THERE IS *a toy panda for* sale in the lobby, a baby gorilla and a cuddly fruit-bat. The garden outside has been allowed to grow wild – to the vexation of neighbours.

The office in the Swiss commuter village of Gland, mid-way between Geneva and Lausanne, is the innocent-looking habitat of the international secretariat of the World Wide Fund for Nature. Inside, the fur has been flying.

*A series of revelations and criti*cisms over the past five years have clouded the reputation of the world's biggest wildlife charity. Tired of the battle, Charles de Haes, director-general of the WWF, is stepping down. In his place the trustees and their president the Duke of Edinburgh have chosen his deputy, Dr Claude Martin, a Swiss biologist.

The conservation movement is a political jungle. Under de Haes, a businessman originally seconded from Rothman's, the South African tobacco company, the WWF has taken a pragmatic rather than purist line: it negotiates with unpopular Third World governments and accepts money from industry and official aid agencies.

But it has also been accused of wasting money, for example on an unsuccessful panda-breeding project in China. There have been rows with national organisations and the US branch withheld funds.

In the late 1980s a senior WWF official was involved in a freelance operation in which British mercenaries, funded by former WWF president Prince Bernhard of the Netherlands, were supposed to infiltrate the rhino-horn smugglers. A *cull of the rare Peruvian vicuna*, agreed by the WWF, turned out to have no scientific justification and the director-general was accused of negotiating for the rifles.

Dr Martin seems more the tree-hugging type.

Although he inherits a salary reported to be £100,000 a year and is proficient in the conservationist jargon – in three languages, moreover – he has also worked in the field, which makes him popular with the staff.

He separates his domestic rubbish, drives a seven-year-old Renault and though living only 12 minutes from the office takes the train in order to conserve the planet's natural resources.

I asked him if he would get a limousine when he takes over in October. He found it funny. "A very long black one, like one of these American things that never stop?", he laughed. "Great!"

When I asked what changes he would be making, he retreated into bureaucratic imprecision. He mentioned decentralisation, keeping the family of national WWF bodies on the same track, scrutinising the value of aid agency money, and "the need to focus resources." Forests are his first love and he will accelerate the WWF's shift of emphasis away from furry animals towards their habitats and the needs of their human occupants.

In 1991-92, the WWF's total income recovered to over SFr50bn (£22.10bn), but legacies and individual donations more than halved, falling for the second year running. I suggested that the WWF was also losing the war to save the animals *for whose survival people give* money. The panda, for instance...

"But look what happened in China," he replied. "China does not consist only of pandas. It is a huge country of great biodiversity. The panda for us, besides being our emblem, was a way to become active there. Because we had access there is a tremendous environmental debate in China today."

So it was worth it even if the panda disappears from the wild?

"It was definitely worth embarking on. A species is very often a *point of entry into a wider conser*vation debate."

Even if that species doesn't survive?

"Even if the status of a species gets worse and worse."

He claimed the 30-year-old project to save the Bengal tiger had been a success, becoming a forest conservation programme to help many other species besides the tiger, whose numbers had doubled in 20 years.

Species have been dying out for millions of years, I said. Is there any reason apart from sentiment why we should bother to preserve the ones close to extinction?

"You know, this question is often posed to us. I think a lot of people have confused two things. There *have always been extinction rates* but what we are experiencing now is a much more man-induced change in biodiversity."

'Biodiversity', like 'sustainable development', is a big buzz-word in the conservation movement. It is often employed to suggest that somewhere in the Brazilian jungle there lurks a cure for cancer. I suggested that in a world full of laboratory medicines it was a weak argument for saving the rainforest.

"I agree with you. For two reasons: people down there (in the *rainforest) would not preserve it for* the sake of finding some strange plant. Secondly, it falls flat on emotional grounds. Most people want to preserve tropical forest because it means something to them, because it has a value, an ethical value, not for some utilitarian possibility."

But what is the real difference between human pressure and a giant meteorite wiping out the dinosaurs?

"*In an evolutionary process one* species normally is replaced by another. If you have artificial destruction, like burning a tropical *forest, everything goes*. This is really the threat to biodiversity worldwide, that there might be a much faster breakdown not just of species numbers, but whole eco-systems. What happens if the marine eco-system breaks down?"

Our children are environmental militants, I said. You have been brainwashing them and they give you money. Shouldn't you be teaching *them about birth control, not* saving tigers and pandas?

"We are not the International Planned Parenthood Federation. On the other hand we are making the link quite clearly to population numbers", Martin replied. Family planning did not work unless people had stable livelihoods, which in turn depended on managing their resources.

"I studied forest conservation in west Africa. *You start to realise this* layer of vegetation is not just a kind of living space or a place where people can hunt and gather, it is far more. It is a part of their culture. It becomes equivalent to social stability in their whole community. This is extremely interesting."

I am sure it is interesting, I said, but the truth is most people don't live in forests. They live in slums on the edge of cities, or they are migrating to cities.

"Ninety per cent of the Indian population is rural. Yours is very *much the perception of a tourist* who sees Delhi and Bombay. The majority of the African population is rural."

Aren't you trying to stop the evolutionary clock and at the same time arrest what the Third World sees as development – factories, houses, cities?

"We are not against that. It's wrong to say we trying to halt evolution or that we want to preserve the world as a huge museum."

I asked Martin why, if local people's interests were important, the WWF had supported the ban on the ivory trade. He said the decision was practical not theological. Few African countries could control the culling of their elephants.

Talking to local people about land management is one thing, I said, but persuading the Chinese not to buy tigers' penises or the Japanese not to kill whales is another.

"This is the linchpin of the whole ivory debate. You can't possibly talk to every Chinese and convince him with education programmes." The only hope was to persuade governments: Japan had been persuaded to ban ivory and China had said it might restrict some as yet unspecified imports.

Was there a moral imperative to save the environment?

Martin replied that apocalyptic forecasts, the product of "linear thinking", had been discredited. In the late 1970s he had forecast that by 1990 there would not be a tree left standing in Malaysia.

"So a lot of people stopped looking in a statistical way. Our position is a moral one. We have a responsibility not just for humans' sake but for what people perceive as being the Creation."

You mean, your new pitch is 'our figures may be all wrong but our moral message is wonderful'?

Martin laughed amiably. "No, that would be too extreme. We are talking of *the ethics of conserva*tion."

What is the moral justification for saving the angonoka tortoise?

"It would be inappropriate if I said that's the solution to saving the world. It is a very tiny bit of it."

How does it contribute to the bigger solution?

"It enables us to establish possibilities how to save species in general. My first project was similar."

After the University of Zurich, Martin went to Kanha National Park in central India to save the Barasingha deer.

"I got engaged in a fascinating ecological problem which took me far beyond the deer but in the end provided a solution to save that species as well. A species disappearing *is only the tip of the iceberg*. Once you have an understanding of what goes wrong you can do many more things. The result was a total review of the management of all the forest areas in central India."

So where a species dies out under pressure from man, its disappearance is a symptom of an ailment in the system which will damage man himself?

"Ultimately, yes."

During a two-day retreat at Assisi in 1986 the WWF got declarations of support from leaders of five world religions. Martin described himself as a non-religious biologist, adding: "Even with the most fantastic evolutionary theories you can't explain everything. So Creation is a very useful substitute. This is where I believe this feeling of moral obligation comes from."

So the real impetus of the movement is an ethical one?

"I think there is an ethical imperative for conservation. When I was dealing with tropical forests it struck me that people here, mostly *never having been in a tropical* rainforest, have an extremely strong emotional tie to the notion of a fantastic tropical world full of species. They almost have a tropical forest in their own belly.

"You can ask why. It has to do with childhood, with fantasies. Fantasy is an extremely important question: maybe there was at some time an evolutionary tie of humanity to forests. There is something very, very special about the notion of forests."

Was that your primary motivation?

"Difficult to say. Yes, I had fantasises as a child. I had dreams of far-away places, adventure. But I also had parents who were out-door people and knew a lot about nature and species."

Is this ethic what keeps you sitting at your desk?

"It's certainly a strong motivation. But I also believe we can show how the world's resources can be conserved."

Claude Martin is an optimist. It will need more than optimism to put the fur back on the panda.

Order out of chaos

Michael Thompson-Noel

I WAS sitting at my screen this week, fossicking through the message basket, when one of the corporate elders stole up behind me and hovered at my elbow. *I could* tell he was an elder because he wore a grey suit and tie and a pair of black spectacles. His expression was *churchly*. He said he had something for me, and handed me an envelope that contained a copy of a new book, the *Financial Times Style Guide*.

He said: This is the new style book. You are the first person to receive one because you are in the vanguard, as it were, or possibly the van, of our core target audience, if you will pardon the solecism.

I said: What is a solecism?

He said: Oh, very funny. Seriously, Michael, *there are those of us* who feel that if we can get you to read it, to look upon it fondly, not, perhaps, *follow* it down all of its *tributaries but at least* meander through it, when commitments permit, then our struggle is half-won. Your help is essential *pour encourager les autres*.

I said: *Les enfants?*

He said: Exactly. Junior members of staff. The raw and the impressionable. They must read Hawks & Handsaws sometimes and wonder, style-wise, whether they are in topsy-turvy land. Wilfulness and wickedness. Fantasy and worse. Sentences starting *And*. Sentences without verbs. Sentences and paragraphs without anything whatsoever. Tricksy experimentalism, at least in *FT* terms.

I said: How will the Style Guide help me?

He said: By creating order out of chaos. It is on the side of writers. It states, at the outset, as a caution to sub-editors: "One result of the pap-

HAWKS & HANDSAWS

erless office... is that it is all too easy to force stories into a sort of uniformity of style, removing any individuality and elegance they might have possessed. Good writing should be recognised – and left as it is." Beyond that, Michael, it seeks to encourage writers to write accurately and clearly. It highlights recurring errors and contains glossaries of financial, scientific and technical terms. It is a useful and powerful tool.

Clarity is essential. Let me give you an example. Under *betting odds*, it says that in a sentence such as *odds were quoted of 2-1 on John Smith becoming the next leader of the Labour party*, the *on* can cause confusion. Odds of *2-1 on* are really 1-2, ie you place a bet of £2 and get back £1 plus the stake if you win. With odds of 2-1 (against), your £2 bet will recoup £4 plus the stake. It *is therefore important to make the* precise odds clear: 1-2 (on) or 2-1 (against).

I said: I am afraid that isn't true. *You have forgotten betting tax*, which is 10 per cent of winnings and stake. At 1-2 you would pay 30p tax and get back £2.70; at 2-1 you would pay 60p tax and get back £5.40.

He said: Do not quibble. More important than betting odds is our campaign against clichés and tired language. We sampled a year's issues of the *FT* and found seven *villains of the piece*, nine people who *patched together a compromise*, 45 who *hammered out* something, 20 who put something *up for grabs*, 28 who found it *crystal clear*, 95 who went *back to square one*, 161 who played a *key role*, 86 appearances *at this moment in time*, 145 who saw a *green light*, 135 who were *beleaguered*, and 33 who *sent shock waves* through something; 31 were *tight-lipped*, 27 events *surprised the City* though only four *shocked it*, and 20 people had *played a waiting game*, as 45 were *quick to point out*.

Further analysis turned up 97 *bonanzas*, 910 *booms*, 223 *bottom lines*, 418 *breakthroughs*, 87 *clampdowns*, 6,472 *crises*, 293 *crackdowns*, 148 *cutbacks*, 269 *elites*, 852 *giants*, 1,889 *run-ups* and 5,122 *problems*. All we are asking you to do, Michael, is read it.

And then he whispered away, his grey form merging into the grey corporate decor. So I read it. And enjoyed it. It is a considerably useful tool. You can buy it from the *FT* for £11, (p&p included). Here are four snippets:

- *Plane* is used to shave wood; what you fly in is an *aircraft*, *jet*, *airliner*, *helicopter*, etc.
- *Eponymous*. Many readers will not know what it means. Avoid it.
- *Expletives*. The *FT* has no strict policy. However, gratuitous use is discouraged. The word *wanker* has appeared only once in the *FT*; it was a misprint for *banker*.
- *Blobs*. An average issue of the *FT* contains 30-40 blobs... Think carefully about whether the blob has any useful function.

As They Say in Europe/**James Morgan**

Budapest-sur-Seine

SUDDENLY, people are *talking about their holidays*. Suddenly, the thought struck me that at every destination will be a disappointment.

This idea germinated while watching the recent British television series *Maigret* where the eponymous detective pursued malefactors round Paris and, sometimes, France.

In order to obtain that 1950s' feeling, it was shot in Hungary. *The last time Britons recreated* Simenon's hero they wisely ensured all outdoor scenes took place on foggy winter nights.

Today, however, verisimilitude has to take more sophisticated forms, so on this occasion we were given a peep of the broad sweep of the Danube, which masqueraded as the Seine, while the 19th century Gothic parliament will have been taken for Notre Dame only by the untravelled or the drunk.

In the old days they used west European settings to recreate communist, or even Nazi-occupied, Europe. I have seen Wandsworth town hall give a passable performance as the headquarters of the East German communist party and I think, once, the KGB.

Dundee gained critical acclaim for its role as Moscow in *An Englishman Abroad*. Liverpool has *starred as Leningrad and, in* an inspired piece of casting Bath, or maybe Cheltenham, took the part of 1939 Warsaw. (Cotswold and Somerset stone matches that used in Nowy Swiat, the main shopping street in the Polish capital.)

Now the traffic goes the other way, a process which in fact started long before the collapse of communism. The Czechs offered a town ruined by pollution in northern Bohemia as a film set for the second world war, which saved on demolition costs.

But things are now getting out of hand. French television, I read in *Le Monde's* radio and television guide, is making a series about the life of Karl Marx: "You descend the tortuous little street, lined with shops – to the left a *Greengrocer*, to the right a *Pawnshop*... We are in the middle of Soho, in London."

It turns out that we are in fact in Prague. The French production team chose the Czech capital because it was cheap. But Prague as London! Could that series ever be shown in Britain without arousing profound scepticism? Could *Maigret* be shown in France?

Nowhere in that country is there to be found that nasty colour I think of as Habsburg yellow, nor those bright green shutters of the Hungarian countryside.

Will there now be tourists looking for those curious features in France and feeling that somehow the French have got it all wrong?

This may be a roundabout way of making the familiar point that today the fake has more impact than the real. I recall American tourists in Bad Wimpfen in Baden-Württemburg who were disappointed to discover that this archetypal *Hansel-and-Gretel* gingerbread town was for real and not the bit of Disneyland it should have been.

But there is more to it than that. There is the problem of the way public images can infect the way we see places. Provence has gained a new and horrid haze for the British because of a television series based on the celebrated *A Year in Provence* by Peter Mayle who recounted his experiences among local "characters."

They now doubtless try to supply Mayle-ordered local colour to tourists who flock there by the thousand.

On the other hand there are the benefits of seeing the familiar through new eyes. I collect foreign tourism-related articles about Britain.

This started when I saw a photograph in a German paper of a picnic so idyllic that it must have been the inspiration for some *déjeuner-sur-l'herbe* masterpiece. But the caption told me it was Wiltshire, by the Kennet canal.

Thanks to the weekend colour section of the *Frankfurter Allgemeine Zeitung* I am now reconciled to the Scottish Highlands.

The German gift for black-and-white photography reversed a prejudice based on a profound distaste for the publicity placed by the Highland and Islands authority in London underground trains. This portrays a ghastly sun-drenched livid mountain greenery. The *FAZ* banished all Mediterranean pretension. A friend from that part of the world remarked: "That's the first time I've seen Eilean Donan castle taken from the right angle."

The text was corny but interesting, revolving around the song about taking the *the low road* and being in Scotland first.

But it linked one Eileen of the Buchanan Highland Hotel near Loch Lomond with Buchanan County, Missouri, and told a good story of Scottish social history.

The cover picture of two children and a sheepdog was captioned: "Right on the edge of Europe where there are still sea monsters and the unlimited dreams of children: there lie the Scottish Highlands." I liked that.

What a pity it is, then, that if German television were now to remake Schiller's *Maria Stuart* they would undoubtedly film it in Ukraine.

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